

MINUTES of a meeting of **CABINET** held on 9 June 2017 at County Hall, Matlock.

PRESENT

Councillor B Lewis (in the Chair)

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

Also in attendance – Councillor A Western

Declaration of Interest

Mr P Handford, Director of Finance and ICT, declared a personal interest in Agenda Item 6(d) – Loan Arrangement With Derbyshire Developments Limited as a Director of the company.

170/17 MINORITY GROUP LEADERS' QUESTIONS

There were no Minority Group Leaders' questions.

171/17 MINUTES RESOLVED that the non-exempt minutes of the meeting of Cabinet held on 25 April 2017 be confirmed as a correct record and signed by the Chairman.

172/17 CABINET MEMBER MEETINGS – MINUTES RESOLVED to receive the non-exempt minutes of Cabinet Member meetings as follows:-

- (a) Highways, Transport and Infrastructure – 11 April 2017
- (b) Adult Social Care – 12 April 2017
- (c) Health and Communities – 25 April 2017
- (d) Strategic Policy, Economic Development and Budget – 25 April 2017

173/17 FINANCIAL CONTRIBUTIONS FOR HIGHWAY IMPROVEMENTS – FORMER SHIREBOOK COLLIERY SITE (Highways, Transport and Infrastructure)
The Strategic Director – Economy, Transport and Communities reported on a financial contribution to be paid to the Council to fund highway improvements and requested approval to add the funds to the Highway Authority's 2017-18 Capital Programme.

Planning permission had been granted by Bolsover District Council for the comprehensive reclamation and redevelopment of the former Shirebrook Colliery including business, general industrial, storage, distribution and residential development. The County Council in its role as Highway Authority, was consulted regarding the development proposals and made a number of recommendations

regarding conditions and other undertakings to help mitigate the highways and transportation impact of the development related traffic. One of the mitigation measures was the commitment for the developer to pay the sum of £310k to the Council as a contribution towards a proposed traffic signal junction at Main Road/Common Lane and for a change in priorities for Portland Road/Station Road junction via a Section 106 planning agreement. Bolsover District Council would transfer to the County Council the money as a contribution towards the highways improvement works.

RESOLVED to (1) note the payment of a developer contribution of £310k in accordance with a Section 106 agreement between the developer, Bolsover District Council and the County Council, towards highway improvement works needed to mitigate the effects of the Shirebrook Colliery development; and

(2) approve inclusion of the funding in the Highway Authority's 2017-18 Capital Programme for the Council to use for the design and implementation of the improvement scheme, subject to the terms of the Section 106 agreement.

174/17 CABINET PROCEDURES (Council Services) The Director of Legal Services reported that since June 2013, Cabinet arrangements had allowed for questions from members of the public. In the intervening four year period there had been a low take- up of the opportunity for public questions. Given the low take-up and the availability of the opportunity for questions to be asked at Council meetings, it was proposed to cease this arrangement. As arrangements for public questions were not set out in the Constitution, Cabinet may determine its own arrangements.

RESOLVED to cease the arrangements for public questions at Cabinet meetings.

175/17 URGENT DECISION TAKEN BY THE CHIEF EXECUTIVE (Young People) The Chief Executive reported on an urgent decision taken in accordance with the Scheme of Delegation contained in the Council's Constitution in respect of a proposal to create an enhanced resource school facility at Hill Top Primary School, Ashbourne. A copy of the report was attached as an appendix to the report.

RESOLVED to note the report.

176/17 LOAN ARRANGEMENTS WITH DERBYSHIRE DEVELOPMENTS LIMITED (Strategic Leadership, Culture and Tourism) The Strategic Director – Corporate Resources sought agreement to the making of two loans to Derbyshire Developments Limited (DDL), one for working capital purposes and the second to fund site acquisition and development. The report also made Members aware of potential costs around site development and the treatment of Minimum Revenue Provision (MRP) payments.

Cabinet had agreed to the establishment of a wholly owned company to exploit potential development opportunities on Council land at its meeting on 14 June 2016.

It was always envisaged that the company would require start-up funding from the Council due to the potentially lengthy lead-in times to get a property development opportunity to the stage of delivering an income stream. In addition, it was also anticipated that the Council would provide the substantial funding required by way of loans, to enable the company to deliver individual site development. There were clear benefits to both parties from this arrangement as the Council would be able to charge a market rate on the investment and the company would be able to fund its development plans. This was also a tax-efficient way of providing funding to the company whilst securing a return to the Council.

The start-up loan was designed to cover the running costs of the company such as staffing, accommodation, IT, audit and financial systems etc, up until the point where developments were underway and sales would recover these fixed costs of being in business. Based on the current details from the company, it was proposed that a further loan of £300k be added to that already approved by Cabinet of £200k, to finance these costs until 31 March 2019. Details of the loan terms were contained within the report.

In terms of the development loan, the benefits of providing a substantial loan facility to allow the company to purchase land from the Council and develop appropriate housing units for sale were clear. As each development would present a different set of challenges and opportunities, it would be necessary to ensure the loan facility requested in each case was reasonable, sustainable and affordable to ensure the company could repay the sums loaned. The company would be requested to supply the Council with whatever information the Council felt was appropriate for it to lend the resources required. This might also include taking a charge over whatever assets the company had available. However, as the Council was the company's owner, this might not be necessary.

The analysis of the company's proposal would be undertaken by staff in the Finance and ICT Division in isolation from the Director of Finance and ICT who, as a Director of DDL, had a potential conflict of interest. It was proposed to ask the Finance Manager (Projects and Exchequer) to lead on this task whilst ever the conflict of interest for the Director of Finance and ICT existed.

No loan would be made for site development and building works etc. until the business case for each individual site had been approved by Cabinet. The amount of the loan required per site could be up to £5m and the maximum facility required at any one time was not expected to exceed £15m. Details of the proposed loan terms were presented in the report.

One aspect of the relationship between the company and the Council was the decision whether to offer the company a particular piece of surplus land, in what condition and at what cost. The proposal was that the Council would follow a defined procedure to determine whether it would offer a piece of land to the company for its market value. The procedure would include details concerning minimum space

requirements which the company had already informed the Council about, as well as confirmation that the land would be used for developing property for sale, not rent.

Once the company had considered an outline agreement for sale in relation to a piece of surplus Council land, the Council would make good all necessary works to ensure the land was “development ready”, including demolition of existing buildings, site security, design and outline planning permission and any necessary surveys etc. The costs of these works would initially be incurred by County Property and ultimately recovered from the sale price paid by DDL. However, there could be instances where development works were undertaken by the Council but no sale resulted. In this case, these absorbed costs, subject to a cap of £30k per site (excluding demolition costs), would be met from the General Reserve. Demolition costs would be met by the Earmarked Reserves set up for this purpose.

There was a clear argument for suggesting that loans to DDL of the nature detailed, might attract a requirement to make a MRP contribution at a rate of 2.5% of the loan value outstanding per annum. In view of the expected temporary nature of the borrowing, it was thought that the Council could make a decision to forgo making an MRP payment. Ultimately however, this would come under the scrutiny of the External Auditor. If the Auditor expected an MRP payment to be made, this would cost of maximum of £375k per annum. It was considered it was a reasonable risk to proceed along the lines that a contribution would not be required. This was also the view of the Council’s Treasury Management Advisers.

RESOLVED to (1) agree to a working capital loan and site development to DDL based on the terms proposed in the report, subject to negotiation by the Director of Legal Services with the company;

(2) all site development loans to be considered only after the consideration of a detailed business case by Cabinet;

(3) agree to the suggested funding of any site development works by the Council; and

(4) note the position on possible MRP payment.

177/17 DERBYSHIRE SECOND HOMES PROGRAMME (Adult Care) The Strategic Director – Adult Care sought approval for the programme covering the use of the £0.566m Second Homes budget for Amber Valley, Derbyshire Dales, High Peak and South Derbyshire District Councils for 2017-18 and 2018-19, further details of which were presented at Appendix 1 to the report.

RESOLVED to approve the programme covering the use of the £0.566m Second Homes budget for Amber Valley, Derbyshire Dales, High Peak and South Derbyshire District Councils for 2017-19.

178/17 UPDATE ON YOUTH COUNCIL ACTIVITIES – APRIL 2016- MARCH 2017 (Young People) The Strategic Director – Children’s Services informed Cabinet of the priorities and activities of the Derbyshire Youth Council (DYC) and development of a Participation Strategy for Derbyshire Children’s Services.

The Participation Strategy had been developed in collaboration with children and young people and their families, NHS colleagues, colleagues across the Council and the independent and voluntary sector, including Healthwatch, the Blend Youth Project, Fairplay, Safe and Sound and Umbrella. Its vision was that children, young people and their families would be at the heart of everything the Council did and that Children’s Services would develop collaborative relationships to support a culture of “doing with rather than being done to”, further details of which were presented in the report.

The 2014-16 DYC completed its term of office in March 2016 and the 2016-18 DYC had now been in office for more than twelve months and the report detailed the key aims of the DYC and their activities.

RESOLVED to (1) note the priorities and activities of the DYC 2016-18 and the development of a Participation Strategy for Derbyshire Children’s Services; and

(2) note that the Cabinet Member with responsibility for young people would be seeking to meet with the DYC to discuss their priorities further.

179/17 EXTENSION OF AGE RANGE AT HARPER HILL PRIMARY SCHOOL (Young People) The Strategic Director – Children’s Services provided a report to Cabinet on the outcome of a pre-publication consultation carried out by the School following a discussion with the Authority on a proposal to extend the age range of the School from 4-11 years to 3-11 years, in order that it could offer nursery provision and to consider whether or not to proceed to the publication of statutory notices to extend the School’s age range.

The Local Authority Early Years Efficiency Assessment had identified an under supply of places in Harper Hill and a need for nursery provision. This demand was set to increase from September 2017, with the introduction of thirty hours’ funded provision and it was proposed that the School would provide up to twenty-six full-time equivalent places in September 2017. The proposal met the needs of demands of the families in the area and provided opportunities of flexible access to nursery provision at the School. There was currently also a private nursery provider who offered early years education. The sufficiency assessment showed that there would be sufficient demand for a school nursery as well as the private provider. The School had carried out a pre-publication consultation and no responses were received. The Headteacher had reported that Governors and staff were supportive of the proposed extension of the age range.

RESOLVED to (1) approve the statutory notice as detailed at Appendix 1 to the report;

(2) to approve the publication of the statutory notice and proceed to formal consultation in respect of the proposal to extend the age range from 4-11 to 3-11 at Harper Hill Primary School; and

(3) to write to the private nursery provider informing them of the proposal and seeking their comments.

179/17 EXCLUSION OF THE PUBLIC FROM THE MEETING RESOLVED that the public be excluded from the meeting during the consideration of the remaining items on the agenda to avoid the disclosure of the kind of exempt information detailed in the following summary of proceedings.

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

1. To consider Minority Group Leaders' questions.
2. To confirm the Exempt Minutes of the meeting on Cabinet held on 25 April 2017.
3. To receive the Exempt Minutes of Cabinet Member meetings as follows:
 - (a) Children's Services – 11 April 2017
 - (b) Highways, Transport and Infrastructure – 11 April 2017
 - (c) Health and Communities – 25 April 2017
4. Report of the Chief Executive on an urgent decision taken by the Chief Executive (Highways, Transport and Infrastructure)(contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
5. Report of the Strategic Director – Economy, Transport and Communities on Vehicle Management System (Highways, Transport and Infrastructure)(contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
6. Report of the Strategic Director – Economy, Transport and Communities on the Vital Valley (Heritage Lottery Fund Great Place Scheme) (Strategic Leadership, Culture and Tourism) (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
7. Report of the Chief Executive on Sheffield City Region Combined Authority Expansion: Public Referendum (Strategic Leadership, Culture and Tourism) (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).

8. Report of the Strategic Director – Adult Care on a Contract for the Provision of Pre-paid Accounts and Associated Services (Adult Care) (Highways, Transport and Infrastructure)(contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
9. Report of the Strategic Director – Children’s Services on Children’s Services Capital Programme 2017-18 School Access Initiative (Young People)(contains information likely to reveal the identity of any individual).
10. Report of the Strategic Director Corporate Resources on a Contract Extension for Email, Internet and Related Services (Council Services) (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
11. Report of the Strategic Director Corporate Resources on the Servicing and Testing of Gas Pipeline and Equipment – Contract Award (Council Services) (contains information relating to the financial or business affairs of any particular person, including the Authority holding that information).
12. Report of the Director of Legal Services and Monitoring Officer on the Review of the Council’s Senior Management Model (Strategic Leadership, Culture and Tourism)(contains information relating to any consultations or negotiations in connection with any labour relations matters arising between the Authority or a Minister of the Crown and Employees of, or Office Holders under, the Authority)