



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 12 September 2018**. The decisions will come into force and may be implemented from **Monday 24 September 2018** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Delivery Proposals for Aykley Heads Strategic Employment Site [Key Decision: REAL/06/18]

Summary

The Cabinet considered a joint report of the Corporate Director of Regeneration and Local Services and the Corporate Director of Resources which considered the next steps in delivering the Aykley Heads Strategic Employment site in order to ensure the proposed 6,000 jobs are secured for the benefit of County Durham's economy. The report also proposed a strategy for development of the site in a flexible manner, enabling a responsive approach to opportunities and changes within the marketplace.

The strategic objectives for the strategic employment site (SES) were established in 2015 as follows:

- To maximise economic impact for County Durham;
- New job creation in Durham City;
- To generate income for the council;
- To deliver a business location of the highest quality; and
- To create an environment where people want to work.

The report provided details on the current position of the site development, delivery options and branding, marketing and procurement. The site will be delivered across three phases beginning with the northern zone (phase 1) in 2019, park gateway (phase 2) from approximately 2021 and parkland plateau (Phase 3) as a later phase depending on market demand. The site plan showing plots was attached to the report at Appendix 2.

Relevant resources are being sought in terms of capital and revenue budgets and appropriate expertise and capacity within relevant and appropriate frameworks to meet the requirements of potential business tenants. This will ensure the following benefits are realised:

- The creation of up to 6,000 jobs;
- Additional £400m Gross Value Added;
- Increased asset value for the County Council as the lead landowner and developer;
- Additional forecast revenue to the council over a 40 year timeframe
- Additional business rates income of £1.5 million - £1.7 million per annum on completion of the whole site.

The report proposed that the council will retain the freehold interest in phase 1 (plots C & D). It is proposed to commission construction to build plot C speculatively. The site will be marketed in conjunction with Business Durham and a commercial property agent who will be responsible for identifying potential tenants. Plot D will be delivered when there is market demand, or, when an end user commits to a tenancy.

The benefits of the Council delivering phase 1 of the development include:

- The establishment of a market presence for the Aykley Heads site at the earliest opportunity.
- Financial structures that are simple and allow the council to assess its appetite for delivery of phase 2 of the site based on experience of a smaller quantum of floorspace and less risk exposure.
- The council retains control over the quality of what is built.

Elements that have been considered include:

- Market need;
- Financial modelling including the borrowing required to fund the development;
- Procurement and legal advice on the best way forward; and
- The level of internal expertise to deliver the scheme and marketing.

The Economic Development and Housing Service will lead the development as a key regeneration project supported by expertise from across the council. These internal arrangements will be supported by commissioning external expertise to deliver the scheme in relation to commercial agency advice and marketing. Delivery arrangements will be kept under review on a phase by phase basis.

Decision

The Cabinet:

- a) Approved the commencement of the development of the Aykley Heads site.
- b) Approved that plots C & D will be directly delivered by the council using the most appropriate delivery method with delegated authority to the Director of Regeneration and Local Services in consultation with the Portfolio Holder to deliver the development and occupational arrangements.

- c) Approved the capital requirement for Plot C, detailed in the report. The financing of Plot D be approved via delegated authority to the Director of Regeneration and Local Services and Corporate Director Resources in consultation with the Portfolio Holders for Economic Regeneration and Finance subject to a satisfactory business case and proven demand of concept on Plot C.
- d) Approve that plot E can be acquired from the Police subject to the purchase price negotiated satisfying a self-financing business case for the site. Delegated authority to be given to the Director of Regeneration and Local Services and Corporate Director Resources in consultation with the Cabinet Portfolio Holder for Economic Regeneration and the Cabinet Portfolio Holder for Finance.
- e) Approved the revenue expenditure of £585k to cover relevant advisory costs over the next three years with 2018/19 costs met from general contingencies with an earmarked reserve set up during the 2018/19 accounts closure process to meet any residual costs in future years
- f) Noted the proposals and process relating to branding and marketing.

Forecast of Revenue and Capital Outturn 2018/19 – Period to 30 June 2018 (Quarter 1)

Summary

The Cabinet considered a report of the Corporate Director of Resources which provided Cabinet with information on the following:

- a) forecast revenue and capital outturn for 2018/19;
- b) forecast for the council tax and business rates collection fund position at 31 March 2019;
- c) use of earmarked, cash limit and general reserves.

The report also sought Cabinet's approval of the budget adjustments and proposed sums outside of the cash limit.

In accordance with the council's constitution, Council agreed the Medium Term Financial Plan, which incorporates the revenue and capital budgets for 2018/19, on 21 February 2018. The first quarter's report provided the initial indication of the revenue and capital outturn for 2018/19, based upon expenditure and income up to 30 June 2018.

The following adjustments have been made to the original budget agreed by Council on 21 February 2018:

- a) agreed budget transfers between service groupings;
- b) additions to budget for items outside the cash limit (for Cabinet consideration and recommended approval);
- c) planned use of or contribution to earmarked reserves.

The forecasted cash limit and general reserves position is a prudent one given the forecasted levels of savings the council needs to make of £35.3 million over the period 2019/20 to 2022/23 with the delivery of further savings becoming ever more challenging to achieve. The reasons for the major variances against the revised budgets were detailed in the report by each service grouping.

On 11 July 2018 Cabinet received a report which provided details of the final outturn position of the 2017/18 capital programme. This included details of budgets of £32.944 million that were reprofiled from 2017/18 to 2018/19 and adding these to the new 2018/19 capital allocations of £9.339 million approved by full council on 21 February 2018 and the existing 2018/19 budget of £94.770 million gives the original budget of £137.053 million for 2018/19. Since the original 2018/19 budget was agreed the Council's Member Officer Working Group (MOWG) has considered a number of variations to the capital programme which are a result of additions and reductions in resources received by the council. The variations of note were detailed within the report.

The report also provided information on allocation funds in respect of Council Tax and Business Rates.

Decision

The Cabinet:

- (a) noted the council's overall financial position for 2018/19;
- (b) agreed the proposed 'sums outside the cash limit' for approval;
- (c) agreed the revenue and capital budget adjustments;
- (d) noted the forecast use of earmarked reserves;
- (e) noted the forecast end of year position for the cash limit and general reserves;
- (f) noted the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates.

Quarter 1 2018/19 Performance Management Report

Summary

The Cabinet considered a report of the Director of Transformation and Partnerships which provided an update on progress towards achieving the key outcomes of the council's corporate performance framework by Altogether priority theme for the first quarter of the 2018/19 financial year.

The performance management framework provides an insight into the extent to which objectives are being achieved and how effectively the council and its partners are meeting the needs of residents. It brings together key planning, monitoring and evaluation processes through an integrated suite of documents, including the Sustainable Community Strategy, Council Plan, Service Plans and the Medium Term Financial Plan, and demonstrates the contribution made at various levels of the organisation to the priority themes.

The performance report is structured around a set of key performance questions aligned to the six priority themes of the Altogether framework, i.e.:

Altogether Wealthier
Altogether Better for Children and Young People
Altogether Healthier
Altogether Safer
Altogether Greener
Altogether Better Council

The report provided detailed performance monitoring across service groupings. Key performance messages from data released during the quarter along with visual summaries and data messages were included in each priority theme. A comprehensive table of all performance data was attached to the report at Appendix 2.

Decision

The Cabinet agreed to the following changes to the Council Plan:

Altogether Greener

- (i) The Commissioning of a leachate treatment system at Coxhoe East landfill site has been delayed from December 2020 to September 2022. Only one compliant tender was returned and this was significantly above budget available. The service is currently reviewing the procurement approach.

Altogether Better Council

- (ii) The review of the Digital Strategy is under further consideration as a result of the need for wider liaison and feedback with internal stakeholders and development of a consultation strategy. A countywide consultation will begin at the end of August for 6 weeks. Following customer feedback the strategy will be updated. A new revised target date is December 2018.

Transport Asset Management Plan – Annual Update

Summary

The Cabinet considered a report of the Corporate Director of Regeneration and Local Services which provide an annual update on the Transport Asset Management Plan (TAMP).

The adopted highway network is the Council's largest and highest value asset. The asset is in a continual process of change. Not only is the infrastructure ageing, bringing with it demands for maintenance and capital improvement, but the inventory also grows with new developments.

With finite resources, it is vital to ensure that investment is well directed to ensure a safe, serviceable and sustainable highway network. This approach helps maximise the condition of the highway for the available budget.

A TAMP is a key tool in delivering this. It provides an opportunity to systematically understand the condition of the highway asset, and to establish policy and priorities regarding investment. It applies a whole life cost approach and considers the asset in the long term. The TAMP was set out in full in Appendices 2 and 3 of the report. It is divided into two separate sections; section one being the policy which set out the principles of TAMP and section two being an annual update report. The Council has led the development and implementation of the North East Highways Alliance which was formally established in September 2013. This is a forum for collaborative working for all 12 North East Councils. The North East Highways Alliance has delivered a number of initiatives that are helping all Councils involved, including Durham, maximise efficiencies in highways through sharing resources, collaborative procurement and knowledge sharing.

This partnership working together with on-going collaborative working with the supply chain of competitively procured external sub-contractors has led to the Council being one of the first in the UK to be awarded British Standard BS11000 – Collaborative Business Relationships.

In addition to the TAMP, the Council has a Highway Maintenance Plan (HMP) which sets out the Council's service levels for inspections, reactive maintenance and routine maintenance in accordance with national codes of practice. This includes the highway safety inspection regime which helps ensure that the adopted highway throughout the County is maintained in a safe condition as far as reasonably practicable.

Like most Highway Authorities, the Council has a highways maintenance backlog and faces considerable challenges to maintain the condition of the highway network. However, the TAMP demonstrates that work is progressing well in helping to maximise the condition of the highway for the available budget.

The Council has been steadily increasing its own investment and has also been proactive in attracting considerable funding from the Department for Transport (DfT). This TAMP together with the top efficiency rating will ensure that it is well placed to maximise the much needed funding from the DfT going forward.

Decision

The Cabinet:

- a) Approved the annual update report; and
- b) Noted the substantial investment in programmed capital maintenance and the ongoing work to maximise funding going forward.

The Cabinet resolved to exclude the press and public by virtue of paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 during discussions on agenda items 13 and 14.

**Delivery proposals for Aykley Heads Strategic Employment Site
[Key Decision: REAL/06/18]**

Summary

The Cabinet considered a joint report of the Corporate Director of Regeneration and Local Services and Corporate Director for Resources which provided forecast costs including viability and risks associated with developing the phase 1 northern zone and outline costs for the remainder of the scheme, including initial revenue costs to manage and implement the early phases.

Decision

The Cabinet approved the recommendations contained in the report.

Commercial Development Opportunity in the County

Summary

The Cabinet considered a joint report of the Corporate Director of Regeneration and Local Services and the Corporate Director of Resources which provided details of a decision in relation into varying a prospective head lease arrangement. The report also sought authority for delegated powers to finalise arrangements in this regard.

Decision

The Cabinet approved the recommendations contained in the report.

Helen Lynch
Head of Legal and Democratic Services
14 September 2018