

**MINUTES** of a meeting of the **IMPROVEMENT AND SCRUTINY COMMITTEE – RESOURCES** held at County Hall, Matlock on 21 September 2017.

**PRESENT**

Councillor T A Kemp (in the Chair)

Councillors N Barker (substitute member) S Marshall-Clarke (substitute meeting) C Moesby, A Stevenson, S Swann, Mrs J Twigg, and G Wharmby.

Apologies for absence were received from B Bingham, M Wall and Ms A Western

**09/17      MINUTES      RESOLVED** that the minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 20 July 2017 be confirmed as a correct record and signed by the Chairman.

**10/17      DISCUSSION WITH THE CABINET MEMBER FOR COUNCIL SERVICES** Councillor A Foster, Cabinet Member, attended the meeting to discuss current issues within the portfolio, including the new management structure in the Authority; the performance review across all traded services, the authority's successful apprenticeship scheme and one Public Estate

Members made a number of comments and asked questions which were duly noted or answered by the Cabinet Member.

**11/17      FINANCIAL RESILIENCE** P Handford, Director of Finance and ICT attended the meeting and gave a presentation on Financial Resilience which was one of the key elements of the Five Year Financial Plan, which had been approved by Cabinet in July 2017.

Financial resilience was the ability to remain viable, stable and effective in the medium term.

In terms of financial stress there were a number of warning signs to look out for such as running down reserves; failure to plan and deliver savings in service provision; shortening medium-term financial planning horizons; greater gaps in savings plans; more frequent unplanned departmental overspends and carrying forward undelivered savings targets.

Reference was made to the four pillars of resilience. These were seen as four key areas to focus on:- getting routine financial management right; benchmarking; clear plans for delivering savings and managing reserves. There was also a danger of focusing on the savings "gap" and not on ensuring that agreed savings were delivered

Delivering good governance was the responsibility of both elected members and the Cabinet and the role and duties of the Section 151 Officer were set out in his role of challenging the robustness of Financial Plans and reporting Structures and Statements.

In conclusion it was highlighted that financial resilience needed to be at the heart of the Council's medium term planning but that building and maintaining financial resilience wasn't easy. The Council was faced with unrelenting and intense financial pressures with small margin for error and the critical importance of getting basic financial management right.

Members made a number of comments and asked questions which were duly noted or answered by the Director of Finance and ICT.

The Chairman thanked Peter for a most informative presentation.

**12/17      ICT CHALLENGES** P Handford, Director of Finance and ICT gave a further presentation updating the Committee on the Finance & ICT Division.

Members were informed that until six months ago there were two separate divisions and there had been a significant reduction in management capacity. The total ICT spend was around £12m per year and the department had around 180 staff. Significant partners included Microsoft, SAP & BT.

The department supported over 7,500 employees using over 240 business systems in over 230 locations across the county. It managed over 300 ICT related contracts and supported departments with nearly 80 new projects. It responded to over 70,000 issues and service requests per annum with a satisfaction rating over 90%.

Here were still a number of outstanding issues such as connectivity speed and reliability; age of some kit; windows phones; mobile working; Email and internet and perhaps most importantly data security/sharing.

Recent changes included network improvements, a programme of PC/Laptop replacement and the recent Office 365 update.

The next steps on the following areas were detailed:- IOS or Android?; Passwords; Tablets; Mobile Device Management; Mobile Apps; Data management (EDRM, GDPR, PSN, ISO etc.) and Cloud v. hosted

There was still a need for an ICT Strategy and it was hoped that this would be developed over the next 6 months

Members made a number of comments and asked questions which were duly noted or answered by the Director of Finance and ICT.

The Chairman thanked Peter for a most informative presentation.

**13/17      REVIEW OF LOCAL GROWTH FUND MONITORING ARRANGEMENTS** Members were informed about the scope of a review of Local Growth Fund (LGF) monitoring arrangements.

Derbyshire County Council was the Accountable Body for the LGF, on behalf of the D2N2 Local Enterprise Partnership (LEP). The LGF was a £250m programme to support economic growth in the D2N2 area (Derby City, Derbyshire, Nottingham City and Nottinghamshire). The programme commenced in 2015/16 and would run to 2020/21. It was now in its third year and some projects had been completed and were moving into the delivery of outputs stage. Depending on the project, delivery outputs may include jobs, homes or learners, for example.

The Infrastructure and Investment Board (IIB) met monthly to approve funding and monitor progress of project delivery and spend. At the end of quarter 4 2016/17, six projects were reported to the IIB as having missed their output target. The promoters of these projects were asked to provide a formal response to the Board as to why their target was missed and to explain what mitigations were planned to make sure that outputs are delivered.

The Department for Communities and Local Government (DCLG) required the annual grant allocation to be fully spent. This required the Accountable Body to ask promoters to provide evidence that the grant paid over to them has been fully spent and can be evidenced with invoices. Due to slippages in some projects and the length of time some large capital projects may take to progress i.e. through planning applications, the profile given by Government did not match the profile of expenditure predicted by the promoters of the projects. This caused the programme to have a cash flow underspend last year and another was predicted this year. In 2016/17 the DCLG allowed use of the Section 31 grant the monies to be used for non LGF projects i.e. other capital spend within the Council and then the monies which should have been used to fund these projects subsequently returned to the LGF programme in future years. This flexibility was utilised last year and was planned to do so again this financial year.

The aim of the review would be to consider the current systems in place for monitoring LGF outputs and spending. It would seek to ensure that the monitoring arrangements were timely and robust and, if required, identify and recommend additional measures to minimise missed outputs and underspends.

During the course of the review evidence would be gathered from numerous sources, including;

- Director of Finance and ICT (Section 151 Officer)
- Strategic Director Environment Transport and Communities
- Senior Accountant and Project Monitoring Officer
- LEP Chief Executive
- Infrastructure and Investment Board Chairman

A working group would be appointed to undertake the review. The working group would submit progress reports and a final report to the full Committee at the conclusion of the review. It was anticipated that the review would be completed by December 2017.

**RESOLVED** to note the scope of the review of the monitoring arrangements of the Local Growth Fund and to note that the first meeting of the working group would take place shortly to progress the review.