

Time commenced – 18:00
Time finished – 19:55

Corporate Services Scrutiny Review Board
20 February 2020

Present: Councillor Naitta(Chair)
Councillors Pattison (Vice Chair), A Pegg, McCristal and Froggatt

In Attendance: Rachel North – Strategic Director for Communities and Place
Simon Riley - Director of Financial Services
Steve Caplan – Director of Property Services

18/19 Apologies for Absence

Apologies were received from Councillor Dhindsa.

19/19 Late items introduced by the Chair

There were none.

20/19 Declarations of Interest

There were none.

21/19 Minutes of the meeting held on 3 October 2019

The minutes of the meeting held on 3 October 2019 were agreed as a correct record.

22/19 Items Referred from Council

The Board considered a motion on Responsible Tax Conduct that had been referred to the Corporate Services Scrutiny Review Board by Council under Committee Procedure Rule CP59(j) (Minute Extract 76/19). The Director of Financial Services informed the Board that this was a standard motion and that six Local Authorities had signed up to this motion. The Director of Financial Services informed the Board that whilst there was a moral case for supporting this motion; the feasibility of implementing the recommendations listed within this motion also needed to be considered.

The Board noted that it was unclear whether the Council would be in a position to comply with the motion's recommendations, without the government first changing public procurement rules. It was noted that in order to comply with current public procurement rules, the Council already had a duty to ask many questions of companies before awarding contracts. The Director of Financial Services informed the Board that it was also unclear how due diligence would be carried out, should this motions recommendations be implemented.

The Board noted that the Council considered promoting responsible tax

management to be very important. It was also noted that the recommendations within the motion referred from Council did not set a clear limit on the Council's responsibilities. It was reported that a considerable amount of the Council's resources would be required in order to scrutinise the tax conduct of all companies that the Council had contracts with, including sub-contractors and parent companies.

The Director of Financial Services informed the Board that while he supported the essence of the motion, he felt uncomfortable about how the Council could actually enforce it. The Director of Financial Services informed the Board that it was his view that the Council should suggest that the government takes action around the issues raised in this motion.

A Councillor questioned whether enforcing the recommendations within this motion would require a considerable amount of resource. The Board noted that it would take a huge amount of work to investigate every company the Council used. It was noted that the internal resources of the procurement team would struggle to accommodate the extra pressure this motions recommendations would put on the service.

A Councillor stated that it was HMRC's duty to ensure that companies paid their fair share of tax, rather than the Council's. The Director of Financial Services informed the Board that the Council did report instances of tax fraud to HMRC but that their capacity to investigate these reports was very limited. A Councillor stated that all companies aimed to make a profit and that although she agreed with this motion, the Council would struggle to enforce it.

A Councillor commented that if the Council ensured that it did not contract companies that could be linked to tax avoidance, this would not necessarily benefit the people of Derby. The Councillor continued that some links were very weak and therefore wouldn't justify the Council handing contracts to more expensive alternative providers. The Director of Financial Services informed the Board that the Council had a duty to have transparent integrity and to make sure money was spent well. The Director of Financial Services informed the Board that he believed encouraging the government to ensure that taxes were paid correctly was a sensible proposal.

The Chair commented that this motion was asking the Council to look at everything and that it was hard to see how the Council could fulfil this obligation with its current resources. The Chair questioned how the process of ensuring responsible tax conduct linked in with the digital transformation project. It was reported that as the Council increased the amount of digital transactions it carried out; it was becoming much easier to review information relating to financial queries including taxes. The Director of Financial Services informed the Board that improved data analytics was allowing the Council to look for trends/ patterns in data. It was noted that identifying suspicious trends/ patterns in data would allow the Council to carry out targeted reviews of responsible tax conduct. The Board noted that the Council already used data to identify potential money laundering and other types of fraud.

The Chair stated that the task of ensuring responsible tax conduct would be better dealt with by national government. The Strategic Director for Communities and

Place commented that although the principle of this motion was correct, the detail asked too much of a Local Authorities such as Derby City Council. The Chair concluded that the Council wouldn't have the resources to implement the recommendations within this motion.

Resolved:

To discuss further actions on this referral from Council at a future meeting of the Corporate Services Scrutiny Review Board.

23/19 Derby Plan – City Plan

The Strategic Director for Communities and Place presented the Board with an update on the Derby Plan (City Vision). It was noted that the Council couldn't transform the city on its own, but it could create a platform that would allow Derby to be successful. It was reported that there was a disparity in deprivation rates throughout Derby and that it was important for the City Plan to help solve this and to bring the city together. It was noted that the City Plan would allow the Council to shape and create a strong structure that would allow the city to thrive.

It was reported that Derby had been voted as one of the best places to raise a family and that Derby had a lot to be proud of, including a UNESCO world heritage site. It was also noted that Derby was the 3rd best city for private sector jobs growth in 2018 (5.2%) and was the 4th highest for patent registrations (61 per 100,000 population).

It was reported that the current Derby Plan had been created in 2014/15 and had provided a vision and plan and a sense of how to achieve these. It was noted that the City Partnership consisted of five boards, with an overarching Leadership Board. It was reported that one of the five boards, the Safer and Stronger Communities Board, had now been broken down into two boards: the Safer Board, chaired by the police and the Stronger Board, chaired by the voluntary sector. It was noted that the Leadership Board had not met for a number of years and that this board would now be re-established and would bring key people together.

It was reported that there were several examples of the Council delivering for Derby in partnership with other organisations. It was noted that Derby had an excellent track record for creating a multi-agency approach to tackling homelessness and rough sleeping. It was reported that many business people in the city had given up their time to mentor the city's young people. It was noted that Derby was an Opportunity Area and that better Key Stage 2 results and early help support for families were helping to improve life chances.

It was noted that there were current reflections that needed to be addressed including the lack of a clear collective Vision for the City 2050. It was also noted that there were positive current reflections, such as the strong foundations that had been provided by the partnership structure. It was reported that a Vision Commission was to be created and that this commission would be independent, but answerable to the Council. It was noted that an inclusive conversation with citizens would be undertaken alongside partners and that this would feed into the Vision Commission. It was reported that the commission would run for 9-12

months and would present a final report to the Leadership Board to consider.

It was reported that a Cabinet report on the City Plan would be considered in March 2020 and the Leadership Board would be re-established in April 2020. It was reported that membership of the Vision Commission would be compiled in May 2020 and it would then be launched in June 2020.

A Councillor commented that the Derby Plan was the most important piece of work happening in the city and that in the past the Council had struggled to attract inward investment. The Councillor continued that outside of the two or three big companies which were established within the city, Derby needed to create a unique selling point in order to attract other businesses to invest. A Councillor stated that the previous City Plan was for a 15 year period and questioned whether there were specific targets set and whether this plan had been reviewed. The Strategic Director for Communities and Place informed the Board that it was her understanding that the previous plan had included some targets and timeframes and that the new plan would be more robust in this area.

A councillor asked how much the proposed Vision Commission would cost and was informed that the year long engagement plan would cost approximately £100k. It was noted that commissioners would only be paid reasonable expenses and that local people, such as Andy Cope, who have expert knowledge of Derby would be invited to be members of the commission. A Councillor stated that internet research could be carried out to see what other cities had achieved. The Councillor continued that Derby did not celebrate its geographical position enough and that it needed to change its reputation from 'down and out' to 'up and coming'.

The Chair commented that Derby had a problem solving basic problems and that these needed to be tackled alongside the bigger issues. The Chair stated that the public wanted issues like homelessness and potholes to be dealt with. The Strategic Director for Communities and Place informed the Board that the Council had been recognised as having an excellent strategy for dealing with homelessness and that every rough sleeper in Derby had been approached and offered accommodation.

The Chair stated that if the Council planned to set itself an ambitious vision, it needed to be able to deliver it. The Chair commented that while he was aspirational for Derby, the plan needed to include getting the basics right too. The Strategic Director for Communities and Place stated that the Council's responsibility and commitment to delivering basics had not changed and that it was important to form a collective narrative that people could buy in to. The Chair commented that Marketing Derby had done a great job in bringing investment into the city and that big firms such as Rolls Royce, Toyota and Bombardier were also selling the city well. The Chair continued that whilst it was important to be ambitious, it was just as important to meet targets set.

The Strategic Director for Communities and Place stated that Milton Keynes and Hull had both succeeded in having ambitious visions and there was no reason Derby couldn't follow suit.

Resolved:

To note the latest update on the Derby Plan, as presented at the meeting.

24/19 Energy Improvement Plan for Derby City Council

The Board received a report on the Energy Improvement Plan for Derby City Council. The report was presented by the Director of Property Services. The report set out a reinvigorated approach to energy management which would play a fundamental role and contribution in establishing the direction of travel for the Council's assets, ensuring a fit for purpose, sustainable future property portfolio. It was noted that this report aligned with the Council's commitment under the Climate Emergency Agenda.

It was noted that on 22 May 2019, Derby City Council had declared a Climate Emergency in the city. It was reported that the decision had been unanimous across all parties, at the Council's Annual General Meeting.

It was noted that the Council had been asked to:

- Establish a Derby Climate Change working group to respond to this challenge
- Consider recommendations from the proposed working group, and set a target for Derby to be carbon neutral
- Work with other local authorities and public, private and voluntary sector partners on carbon reduction projects to ensure the UK is able to deliver on its climate commitments
- Ensure the Government provides the necessary resources and powers so that Derby can make its contribution to the UK's Carbon Reduction targets

It was noted that Derby was one of 245 UK local authorities (60%) that had declared a climate emergency and that 149 of these had set a target of reaching zero emissions by 2030 or earlier.

It was noted that whilst the property portfolio was an asset, its retention, use and management required revenue expenditure of around £10 million per annum, of which £4.5m came from energy costs. It was noted that if the portfolio was not maintained efficiently and used effectively, it could become expensive to operate. It was also noted that failure to maintain it adequately would create a risk of service disruption and would be a breach of the Council's duties as a property owner and occupier.

It was reported that the Corporate Asset Management Plan (AMP) set out the strategic direction for the use, management and development of the Council's property assets. It was also reported that a key principle of the AMP was to only retain and invest in properties that were suitable, sufficient, safe and efficient to support the delivery of public services.

It was noted that the Council had 120 energy consuming corporate sites for which it was responsible and that these assets could be placed into the following categories:

- Offices e.g. the Council House
- Leisure venues e.g. Derby Arena
- Homes for Older People e.g. Arboretum House
- Children's Centres & Residential Homes e.g. Queensferry
- Training Centres e.g. Rycote Centre

It was reported that in 2017/2018 Derby City Council's corporate property assets had consumed 43.7 million kilowatt hours (kWh) of energy at a financial cost of £4.5m. It was noted that during this period the Council was responsible for emitting 12.7 tonnes of Carbon Dioxide (CO₂) and that at £17.20 per tonne of CO₂, this had resulted in a mandatory Carbon Reduction Commitment (CRC) payment of £218,371, excluding schools. The Board noted that this was lower than previously anticipated due to improved scrutiny of data and due to the carbon conversion factor change, as more energy was being sourced from renewables. It was noted that current government commitments were to deliver a reduction of 37% in carbon dioxide emissions by April 2020 and a 51% reduction by 2025 rising to 80% by 2050, based on 1990 levels.

It was reported that in order to improve the approach to energy management and to ensure a reduction in CO₂ across the Council's retained estate, a 5% top slice (equating to approximately £1.25m) had been put aside from the Council's 5 year Property Capital Programme to spend on energy improvements. It was noted that this approach together with the opportunities afforded through SALIX funding would ensure investment in the Council's core retained assets.

It was noted that it was imperative that up to date accurate energy performance data was captured and analysed. It was also noted that this would be undertaken in the long term by the receipt of readings taken from Automatic Meter Reading Meters (AMR) which would be inputted into the energy data management tool for further analysis. It was noted that the Council was undergoing a commitment by its energy supplier to provide AMR to all of its corporate sites. It was reported that Bold Lane car park was a serial offender when it came to excessive energy use and that changing to LED lights or implementing movement sensors would improve this.

A Councillor questioned whether reducing the Council's asset stock would help to reduce the Council's CO₂ output. The Director of Property services confirmed that this was the case. A Councillor stated that the burners at Markeaton Crematorium were relatively new and questioned why they were listed as one of the main polluting assets. The Director of Property Services stated that these burners still used a huge amount of energy and that he was happy to provide Board members with more details on this. The Chair questioned whether SALIX funding could be used to improve the efficiency of Bold Lane car park and was informed that the Director of Property Services was looking into this and that Bold Lane car park was a PFI. The Chair asked the Director of Property Services to email Board members information on the use of sodium street lights in Derby.

A Councillor questioned whether solar panels could be fitted to the roof of Bold Lane car park and was informed that decisions on whether or not to install solar panels on top of a car park was dependant upon how long the car park in question would be kept for. A Councillor stated that Chapel Street car park

needed a lot of maintenance work doing and the Director of Property Services confirmed that he would look into this.

Resolved:

To note the approach as detailed in this report and endorse the key principles to ensure energy is managed efficiently to ensure carbon and cost savings.

25/19 Corporate Asset Management - direction of travel for property

The Board received a presentation by the Director of Property Services on the Council's Estates Strategy – Direction of Travel.

It was reported that the Council's asset management plan sat under SITFA guidelines and that the Council took a 'corporate landlord' approach to asset management. It was reported that unused assets would now go to a central pot rather than being hoarded by a single service. The Chair stated that as a corporate landlord, it was vital that the Council ensured that assets it rented out were fit for purpose. The Chair continued that assets could easily turn into liabilities if they were not maintained correctly.

The Director of Property Services informed the Board that the Council's Estates Strategy was about repurposing and reinvesting in assets. It was noted that previously the Council had placed much more emphasis upon building compliance, in comparison to building maintenance, but that the Estates Strategy would change this. It was noted that assets could be broken down into core assets and non-core assets. It was reported that there were more options available to the Council for core assets.

The Board noted that for core assets that had been identified for retention, investment would be targeted through the Property Capital Programme depending on condition and need. It was noted that reviews would be undertaken to establish whether core assets were to be retained or disposed of. It was reported that properties that were on the Capital Disposal Programme following a review would be disposed of. It was noted that the Council were required by law to maintain some assets such as closed churchyards. It was also noted that some properties would be transferred to the HRA to support the Council's Housing Agenda. It was reported that discussions were taking place on whether revenue saved through disposals could later be used on maintenance.

The Board noted a case study on Normanton Library. It was reported that there had previously been three poor performing properties and that there was now one building which had been refurbished to create New Community Hub incorporating library, youth & community facilities. It was noted that this had led to a net saving of £750K of future repair costs and had also produced an enhanced service provision. It was noted that the consultants who ran this project had nominated it for an RICS award.

It was reported that the council had received £12m of receipts since adoption of

the Asset Management Plan in September 2018 and that this plan had produced £1.2m in revenue savings too. It was reported that the Council were on track to achieve a further £11m capital receipts by 2022-2023. It was noted that vacant properties often led to social problems. However, it was noted by the Board that it was not always sensible to dispose of properties; as there were sometimes more than one property within an asset, and that disposing of one of these properties would therefore result in 'hole punching' the asset.

It was noted that the running costs of the Council's assets was £10m per annum with £4.5m of this going on energy costs. It was reported that not maintaining properties created future problems for the Council for three reasons. Firstly, the cost of carrying out works increased every year. Secondly, as a consequence of not carrying out maintenance further problems were more likely to occur. Finally, building regulations could change which would further increase the cost of works. It was noted that it was therefore good practice to carry out whatever maintenance the Council could do within its means. The Chair commented that the Council had always tended to carry out reactive maintenance. The Director of Property Services informed the Board that previously £2-3m of funding designated for reactive maintenance, had also had to prop-up planned maintenance.

It was noted that all of the Council's properties were surveyed on a five year cycle with 20% being surveyed each year. It was reported that condition surveys were carried out for these properties which provided snapshots rather than detailed surveys.

The Board noted that the Council now understood its dynamic property portfolio. It was noted that the Estates Strategy had changed to meet the demands and requirements of the services the Council delivered to the citizens of Derby. It was reported that further work was required, including improving access and availability of information regarding properties and developing a targeted work programme. It was noted that the presentation had been seen by Cabinet and CLT and that Cabinet had asked for an update in 8 months time.

A Councillor asked how councillors would be told about properties becoming vacant within their wards. The Director of Property Services stated that he would look into this. A Councillor stated that the current disconnect between what was happening and what councillors were told about was embarrassing. The Councillor continued that there was a big job to do in reshaping property in Derby and that the Council held far too many assets. The Director of Property Services informed the Board that his team would sort out the issues identified and would increase disposals. The Director of Property Services informed the Board that councillors would be updated alongside Cabinet Members about planned sales and that councillors could email him directly with any queries they had.

Resolved:

To note the latest update on the Council's Estates Strategy, as presented at the meeting.

The Board considered a report setting out the Work Programme for 2019/20 Municipal Year.

Resolved to note the information provided within the report.

MINUTES END