

ITEM 04

Time commenced – 18:00

Time finished – 19:20

Corporate Services Scrutiny Review Board

11 July 2019

Present: Councillor Naitta(Chair)
Councillors Pattison (Vice Chair), Councillors, A Pegg, S Willoughby,
G Nawaz, D Froggatt

In Attendance: Pete Shillcock – Group Accountant
Alan Smith – Head of Economic Growth
Wenquian (Tim) Zhu – International Relationship Manager

01/19 Apologies for Absence

There were no apologies

02/19 Late items introduced by the Chair

There were none.

03/19 Declarations of Interest

There were none.

04/19 Minutes of the meeting held on 14 March 2019

The minutes of the meeting held on 14 March 2019 were agreed as a correct record.

05/19 Council's Finances and Budget Risks "State of the Nation" position going into Medium Term Financial Plan 2020/21 – 2022/23

The Board received a report of the Strategic Director of Corporate Resources. The report outlined the current "state of the nation" position on Council's finances and the budget risks in the Medium Term over the period 2020-2023. The report was presented by the Group Accountant.

It was reported that the key steps in the process are:

- Current Medium Term Financial Planning Gap
- National Context
- Local Context
- Current Budget Risks

The Board noted that the current Medium Term Financial Plan was agreed by Full Council on 27.02.19 and identified the need for £12.966m of permanent savings over the four year period 2019/20 to 2022/23 and a budget gap of £7.458m. Work is ongoing to identify solutions to fill the gap and new pressures that may be forthcoming.

The officer reported that issues at the national level of government were causing delay to many political decisions including the Local Government Spending Review. Derby, like many unitary, metropolitan and county councils faces growing demand and cost pressures in adult social care and children's services. Nationally there are increasing numbers of children being taken into care, Derby has experienced a 41% increase in care applications. The Board noted that there was growing evidence across adults and children's sector from the Association of Directors of Adults Social Services and the Association for the Directors of Children's Services and the LGA about the sustained pressures in the sector. The Board noted that there was a range of work underway, nationally and locally in Derby, to influence government thinking regarding sustainable levels of resourcing.

The Board noted that although the Council's MTFP is shaped by national context there is also the need to respond to service demands from the communities at the local level. Emerging pressures need to be taken into account during the planning and budget setting process for example the increased cost of the A52 Project and the Children's overspend position in 2018/19, which has impacted negatively on the Council's reserve position.

The Officer also reported that Derby has a relatively limited ability to raise resources through local council tax compared to other authorities. The income from Council Tax is limited by the high proportion of low value housing; 51.3% of the Council's domestic properties fall into Band A, which is the lowest band for Council Tax.

The Board noted that the Council is subject to emerging financial pressures arising from changes in legislation and new areas of responsibility, including "Better Care Fund", and "the Care Act" for Adults and "The Children and Social Work Act 2017". In some cases the Government allocates additional funding to the Council to support any "new burdens" but this was not always the case; sometimes funding was insufficient to meet statutory requirements. Financial pressures arising from these issues would also be considered during the planning process.

Councillors queried how much uncertainty is due to internal factors and how much is beyond the Council's control. The officer confirmed that demand led services are to an extent beyond our control. The services in Adult Social Care (ASC) and Children and Young Peoples (CYP) are statutory, so need to be provided and they are demand led. Councillors asked, what had been done in the estimating process to mitigate the demand in these areas. The officer confirmed that these will be factored in throughout the year looking at funding and pressures so that the gap in balances can be seen. Councillors were concerned that the Council

could not keep taking money from reserves to balance the budget. They questioned at what point should the Council stop funding through reserves. The officer confirmed that this was the decision of the current Section 151 officer, but £11m is the absolute minimum level of reserves the Council would wish to hold.

Councillors queried the amount in usable reserves that the Council has. They asked what would be the normal amount that would be expected to be held in reserves. Officers confirmed £11m was the General Fund minimum balance that ideally should not be used. The remaining fund available had been put aside for specific projects, currently £230m has commitments set against it, for example the A52 project. Councillors then queried what steps or actions could be taken to replenish the reserve. The officer confirmed that more savings would be needed. Due to pressures of ASC and CYP services it would be helpful to set funding arrangements at a national level. The officer was asked to provide a note of all the commitments against the £230m by August 2019. The officer confirmed that Quarter 1 monitoring was currently underway. This would give a good idea of the current position in August.

Resolved:

To note the information contained in the report regarding the Council's finances and the budget risks and forward any comments to Council Cabinet.

That a note of all commitments against the £230m to be provided to the Board by August 2019

06/19 International Development - presentation

The Board received a presentation on International Development. The presentation was presented by the Head of Economic Growth and the International Relationship Manager.

Officers reported that there were options and opportunities available with national changes and developments, which would include trade with different countries. Economic growth would help to boost the business base of the City. Local business growth would lead to larger property requirements for businesses which would in turn lead to more Council Tax for Derby.

The Board noted that a "company international" survey 2018/19 of 467 local businesses had taken place in December 2018. To date 49 responses have been received, which represents a response rate of 10.5% but should provide a sound basis from which to make assumptions. The aim of the survey was to gauge 'local businesses' aspiration to trade in countries, other than the European Union. Officers reported that Japan, Germany and China attract over 50% of business interest, India attracts 46%. The United States of America was mentioned by 4% of companies. Some 96% of companies were willing to receive news from Derby City Council about joining International Relationship Workshops or Seminars.

Councillors queried the 10% response rates, and the officer confirmed that this

was a long term project; companies would respond once more workshops or seminars were set up. The Board noted that 5% was a good rate and 10% was a strong rate.

The Board noted the current international links which are:

Germany - Osnabruck

- linked for more than 40 years, however not willing to extend beyond the civic relationship.
- Hosted the first economic and political delegation trip from Osnabruck, led by the Lord Mayor and CEO of the IHK

The Board noted that it has been recommended that, alongside Nottingham, Derby research the partnering potential of Nuremburg City and region.

Councillors asked about the possibility of setting up a friendly football match between Derby City and Osnabruck, or perhaps a Beer festival given the number of speciality pubs around Derby. School exchanges were also suggested.

Officers confirmed that football links had been pursued to see if there was any interest. However Derby County arrangements for the season had already been set some time ago. Contact details had been given to both football clubs for future possible arrangements. A beer festival was a good idea, but this would probably be better used to strengthen links with other areas such as Nuremburg. The School Exchange was also good idea, but again this would need to be considered with the right city/region in Germany.

Japan - Toyota City

- 20th anniversary of the twinning took place in November 2018, a visit to Toyota City by Councillors and the Mayor of Toyota city "Mayor Ota" visited Derby.

The Board noted the recommendation to lead an outbound delegation to Toyota City in 2020 or to offer to host and inbound visit. Another option was to part fund the creation of a Japan Project Officer post with Derbyshire, to enable promotion of Derby businesses in Japan.

China

- Hefei – for the last 3 years, Memorandum of Understanding in 2017
- D2 China Director based in Hefei
- Education - 7 schools in Derby area linked with Hefei schools, 100 Derby students have visited Hefei since 2018, Derby hosted 70 Hefei students in July
- Culture – 2 Hefei artists attended Derby Feste in 2017
- Yixing – Memorandum of Understanding 2019
- One company has decided to setup their UK base in Derby

The Board noted that it has been recommended that Derby lead an outbound business delegation to Hefei to attending the 2nd World Manufacturing Convention on 20/23rd September 2019

India - Kolkata

- DCC, EMC and Kolkata Chamber of Commerce signed a Memorandum of Understanding in January 2018
- 8 local companies have been paired with Kolkata partners

The Board noted the recommendation to lead an outbound delegation to Kolkata in early 2020 or offer to host an inbound visit.

Future Work

The Board noted the future work planned which included:

- Continuing to expand the database to ensure the service could reach more businesses
- Working with partners to organise workshops or seminars to help businesses to step into new markets
- Promote Derby's international links to local businesses

The Board noted that it was planned to take a report to Cabinet in the Autumn which could include:

- Consideration of establishing a link with the United States of America dependent on capacity and resources.
- Establishment of a shared post in Japan
- The pros and con's of a new partnership with Germany

The Board noted the ongoing work of the team, together with the limitations of the lack of the capacity currently in place. In spite of this the team was working closely with the Department of Trade, University of Derby and Derbyshire County Council together with other partners. The survey enabled DCC to learn more about the needs of local companies and was a good start to building a database of local companies. Councillors were certain that local businesses are already linking up with other countries. They suggested giving local companies help to attend Business Conventions to establish links. They suggested that the Council could host Trade Fairs. Officers suggested linking with these local businesses and introducing them to people with experience of working with other countries.

Resolved to note the background and information contained within the presentation.

07/19 Work Programme for 2019/20 Municipal Year

The Board received a report of the Strategic Director of Corporate Resources on the Work Programme for 2019/20 Municipal Year.

The Board agreed the work programme and proposed that a Topic Review be undertaken on Agency Workers – the number of agency staff and the impact that has on regular staff.

The Board resolved:

To note the report.

Agreed a Topic Review on Agency Workers should be undertaken.

08/19 Items Referred from the Executive Scrutiny Board

There were none.

MINUTES END