

PUBLIC

MINUTES of a meeting of **IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES** held on Thursday, 11 May 2023 at Council Chamber, County Hall, Matlock.

PRESENT

Councillor S Swann (in the Chair)

Councillors A Clarke (substitute member) M Ford (substitute member) M Foster, J Innes, W Major (substitute member) D Muller, D Murphy, and B Woods (substitute member).

Apologies for absence were submitted for Councillors J Barron, R Ashton, J Dixon and A Hayes.

1/23 DECLARATIONS OF INTEREST

There were no declarations of Interest

2/23 MINUTES

RESOLVED that the minutes of the meeting of the Improvement & Scrutiny Committee – Resources held on 1 December 2022 be confirmed as a correct record and signed by the Chairman.

3/23 PUBLIC QUESTIONS

Question from D Ingham:

As a former officer and member of the public I continue to affirm the importance of transparency within the Council. I note the following Reports and contents within to Full Council on 02-11-22 (Devolution Deal), 15-02-23 (Reserves Position and Revenue Budget 23/24), 22-03-23 (Devolution Deal and Refreshed Service Plans). I also note the report to Audit Committee on 21-03-23 (Performance and Budget Monitoring)

I note the lack of specific reference to any monies/provisions being required to support the EMCCA proposals in these reports (e.g. Financial and HR), along with those arrangements apparently in place to actually identify and report on costs/budget demands such as these – e.g. Service Plans ref CP16.

Given the situation and having a regard for officers asking the Cabinet

Member to approve under half a million pounds of funding on 18-04-23 why was this need not identified and highlighted before by officers, when did the scoping of these costs actually begin to take place and who was involved and aware?

This is especially important to clearly understand given within the consultation feedback respondents were concerned about EMCCA proposal costs and this was reported as such to Full Council.

Response :

The Devolution Deal will deliver a huge range of financial and non-financial benefits to the region – not least the £38m p.a. investment pot, long-term funding for transport and an Adult Education Budget as well as in-year funds for housing and net zero. The report to Full Council of 22 March 2023 sets out the fact that there is an *'ongoing need for enabling activities from the Constituent Councils to continue pending Government approval'*. The report of 18 April 2023 makes an allocation from our Feasibility Reserve based on cost-estimates made by officers, with the funds being drawn down as required following further decisions by the Managing Director in consultation with the Section 151 officer. As the report states, we are anticipating significant capacity funding from Government to pay for activity to pave the way for the EMCCA, but this funding is not yet in place.

As early as 7 April 2022, the Managing Director reported to Cabinet on work taking place to pursue the Devolution Deal, with the report stating *'In order to progress the securing of a County Deal for Derbyshire and Derby by Autumn/November 2022 a programme team will be required. Funding to meet the costs of the programme team will be met from the Council's Feasibility Reserve'*

All costs incurred to date have been properly approved and accounted for within the financial regulations of the County Council and will continue to be so.

Supplementary Question :

On 07-12-22 there was an online Devolution Engagement event.

The second public question concerned costs as it was stated that council tax wouldn't increase to cover admin/governance costs. There was no mention however of an initial 2 million still being needed.

On 15 -02-23 there was the Revenue Budget Report.

Appendix 5 identified service pressures following extensive senior cross-

departmental review/challenge. This included, Leadership Development £300,000, Vision Derbyshire £87,000, Flare Database £46,000, Food Safety Enforcement - of just £19867.

Devolution was mentioned on page 44 but only in terms of opportunities - no financial risks/costs.

In Budget Consultation results - page 7 Focus Group participants felt the need for more transparency/better explanation of decisions to residents/communities.

However, the Feasibility Reserve Fund has taken money off the grid.

I'm not suggesting that if these Devolution costs had been highlighted the consultation responses would have differed in number/content – but clearly nobody can now know.

The Devolution report on 02-11-22 Appendix 1 page 8 referenced returning back to Full Council on costs, "if necessary". Clearly it was decided unnecessary despite costs not having been highlighted anywhere for the public.

What do officers now consider should have been done differently for transparency sake?

Response:

I don't believe that anything should have been done differently.

As stated in my initial response, on 7 April 2022, the Managing Director reported to Cabinet on work taking place to pursue the Devolution Deal, with the report stating 'In order to progress the securing of a County Deal for Derbyshire and Derby by Autumn/November 2022 a programme team will be required. Funding to meet the costs of the programme team will be met from the Council's Feasibility Reserve'

If agreed, the Devolution Deal will deliver a huge range of financial and non-financial benefits to the region that will far outstrip any expenditure made.

4/23

CALL IN: APPROVAL OF ALLOCATION FROM THE FEASIBILITY RESERVE FOR THE SETTING UP COSTS FOR THE EAST MIDLANDS COUNTY COMBINED AUTHORITY

The Committee was asked to consider a call-in in respect of the decision

taken by Cabinet Member for Corporate Services and Budget to approve the allocation of £0.480m from the Feasibility Reserve to support development on the next stages of the East Midlands County Combined Authority (EMCCA).

On 18 April 2023 the Cabinet Member for Corporate Services and Budget considered a report of the Executive Director Place and agreed:

a) To approve an allocation of £0.480m from the Feasibility Reserve in order to support the development of the next stage of the EMCCA.

b) To delegate to the Managing Director, in consultation with the S151 officer, approvals and management of expenditure within this amount.

A copy of the report considered by the Cabinet Member was attached at Appendix 3 to the report.

In accordance with the provisions of the County Council's Constitution, Councillors Joan Dixon, Ruth George, Philip Rose, and Alex Stevenson have asked that the decision be called-in and considered by this Committee.

The call in had been requested on the basis that the decision breaches Articles:

- 7.2 (c) proportionality (i.e. the action must be proportionate to the desired outcome);
- 7.2 (f) a presumption in favour of openness;
- 7.2 (g) clarity of aims and desired outcomes.

The principal objections, as given in the call-in notice, were stated as follows:

"On 22nd March 2023, a report went to Full Council (Agenda item 8) with regards to the proposed Devolution Deal for the EMCCA. In Appendix 1, the financial implications of the decision are addressed (page 48.) It states that "there will be an ongoing need for enabling activities from the Constituent Councils to continue pending Government approval and receipt of capacity and other funding." There is mention of government capacity funding for enabling activities and also that the investment funding of £38m can be used to meet the costs of enabling activities, if the capacity funding is insufficient to meet such costs. At no point in the report is there any reference to any monies required from the County Council - so elected members would not

think the decision would place a financial burden on the County Council.

The decision taken on 18th April 2023 comes less than a month after that meeting and the majority of elected members were not sighted that the decision they had made previously would now mean there were £0.480m worth of financial implications for the county council as a result of the decision made on 22nd March. The amount of approval at £0.480m comes just below the level of funding needed for this decision to be made at Cabinet and in public. It was not done in an open and transparent way.

The report is not clear how much of the burden of the costs for enabling activities falls on DCC in comparison with the other three Unitary authorities, so the proportionality of the level of financial input between the four authorities is not clear."

Councillors Dixon, George and Rose attended the meeting and were invited to address the committee as to why they considered the Council's decision making principles to have been breached as raised in the signed Call – In Notice lodged with the Monitoring Officer and detailed above.

Councillor Dixon focussed on proportionality, openness and Transparency and the outcome and desires as detailed in the Call -In notice.

Councillor George echoed these comments adding that the papers that went to public consultation and full council did not make clear the cost implications and that £0.5m could be spent on so many other areas/services that desperately needed resources. She also referred to their being no transparency of how it would be funded and what the contribution from the other authorities would be. She also asked how would it be administered who was making the payments.. She concluded by saying that there were so many questions relating to clarity, transparency and accountability.

Councillor Rose echoed his colleagues comments and questioned what proportion of funds had been allocated to this process from the feasibility reserve set up in April 2022.

There were no questions from committee members at this point.

Councillor Spencer, Cabinet Member for Corporate Services and Budget addressed the committee as follows :

I would ask the Committee to uphold that the decision-making principles of this Council were met when I took the decision to approve allocation of

the feasibility reserve

Let me start by being clear about what this decision is – namely, the allocation of funds within an existing reserve when those funds are required and only then on the basis of further delegated decisions by the Managing Director in consultation with the Section 151 Officer

This is a technical decision which will enable the efficient expenditure of funds, only when required, for the purpose of implementing a decision properly taken by Full Council on 22 March this year

The need for the use of these funds and specifically, the use of the Feasibility Reserve, was first set out in a decision by Cabinet on 7 April 2022 when the report of the Managing Director stated – *‘In order to progress the securing of a County Deal for Derbyshire and Derby by Autumn/November 2022 a programme team will be required. Funding to meet the costs of the programme team will be met from the Council’s Feasibility Reserve’*

More recently, the Full Council decision of 22 March 2023 set out *‘an ongoing need for enabling activities from the Constituent Councils to continue pending Government approval and receipt of capacity and other funding’*

The recent decision is therefore rooted in the context of:

Firstly, historic use of the Feasibility Reserve for activity to secure our Devolution Deal.

Secondly, the clear statement that there will be an ongoing need for these activities before capacity and other funding is received.

These activities will need to be paid for. Given the timing of the receipt of capacity funding is currently not certain – we have taken the perfectly sensible decision to set aside funds from the Feasibility Reserve for this purpose.

I will now address the specific reasons on which the latest decision has been called in:

Firstly *‘At no point in the (22 March) report is there reference to any monies required by the County Council’* – in fact the report is clear that there is an *‘ongoing need for enabling activities from the Constituent Councils to continue pending Government approval’*

Secondly, *‘The decision taken on 18 April (to allocate the Feasibility*

Reserve) comes less than a month after the (22 March) meeting'. The 22 March report was taken by all four top tier authorities in a standard way, in order to enable the joint presentation of a devolution proposal to Government. The 18 April was a report taken by Derbyshire County Council independently. The other authorities will be taking in their own funding decisions in accordance with their constitutions as they deem appropriate

Thirdly, 'The amount of approval at £0.480m comes just below the level of funding needed for this decision to be made at Cabinet'. This is the amount that officers estimate will be required to meet our commitments over the coming months – although future capacity funding may enable us to recoup this outlay. Our financial regulations enable this decision to be made, perfectly properly, by a Cabinet Member on the basis of a published report.

Finally, 'the report is not clear how much of the burden of costs for enabling activities falls on DCC in comparison with the other three authorities'. We are working on the basis of partnership and all four authorities have devoted significant resources and time to the Devolution Deal. We anticipate that this will continue and a number of specific costs will be specifically shared equally (for example costs of external consultancy and advice). We will be monitoring resource commitments by all four authorities to support fairness and transparency within this partnership. However, the full set of costs has not been calculated and allocated as yet.

Hence the reason why our decision ear-marks funding and requires further decisions to spend it.

On this basis, I would ask the Committee to reject any notion that our decision-making principles – of proportionality, a presumption in favour of openness and clarity of aims – have in any way been breached.

Councillors were invited to comment:

Councillor Innes felt it was a shame that the procedure didn't allow for questions to be asked but would like to know what other authorities were doing and has the Feasibility revenue been used. There was no openness and I don't think it's a good deal for Derbyshire taking politics away from it it's a terrible thing as £0.5 million could be better used on many things.

Councillor Clarke commented that from a transparency perspective it was not explicit as to what was being required from DCC funds and what other costs were forthcoming.

Councillor Woods commented as to why it couldn't have been included in the Full Council Papers.

Councillor Ford commented that the wider benefits for the area were clear to see and would outweigh any expenditure.

The Chairman asked each member in turn to state whether they considered the decision making principles identified in the Call- In Notice were, or were not breached giving reasons,

Cllr Major - No breach as the rules had been properly followed in setting up Feasibility reserve and the amount approved was below the limit for the need for Cabinet decision and it was not unusual for spending being required before final decisions being made.

Cllr Ford – No breach, decision making principles properly followed and huge benefits to the area

Cllr Foster – No breach; decision making principles properly followed

Cllr Innes - Breached due to lack of openness and no favourable outcome for Derbyshire

Cllr Clarke – Breached due to lack of openness and transparency

Cllr Murphy - No breach, decision making principles properly followed

Cllr Muller - No breach, decision making principles properly followed

Cllr Woods - Breached, transparency issues and openness

The Chairman stated that he also believed that there was no breach and the decision making principles had been properly followed.

RESOLVED that the decision made by the Cabinet Member for Corporate Services and Budget on 18 April 2023 and identified in the Call In Notice, did not breach the decision-making principles set out in Article 7.2 (c), (f) and (g).

5/23

INTEGRATION BETWEEN THE PLACE HIGHWAYS MANAGEMENT SOLUTION (ALLOY) AND THE CORPORATE CUSTOMER RELATIONSHIP MANAGEMENT SOLUTION (GRANICUS)

Neil Bennett, Place, attended the meeting and provided members with a

presentation to compliment the summary of the lessons learned report presented to the Portfolio Direction Group (PDG) on 4 April 2023 concerning the integration between the Place highways asset management solution (Alloy) and the corporate customer relationship management solution (Granicus), which had been circulated in advance of the meeting.

The Confirm system had been the Highways ICT solution in its latest form since its last procurement in 2014. Its functionality had included the end to end management of all the Highways enquiries (or services) and some wider Place enquiries, the management of the highway assets and the works ordering/jobs processing system.

Following the approval of the Channel Shift (now Customer Experience) programme by Cabinet in March 2020 a Customer Relationship Management system was procured with the intention of giving the council a single view of the customer and enabling the delivery of complex and varied service to residents across Derbyshire. This provided Highways with an opportunity to procure a new asset management and works ordering system (Alloy) due to the corporate CRM system Granicus Firmstep being intended to undertake the management function of all the Highways enquiries. As a key customer, Highways was consulted in helping to develop requirements and the benefits case whilst the Channel Shift team developed the specification for procurement and ultimately the Contract ready for implementation.

During the implementation of Phase 1 of the CRM with Highways a number of issues with the functionality of the Granicus Firmstep system were identified, including its ability to effectively replace the existing Confirm enquiry system and its capability to integrate with the current Confirm system and the new asset management system Alloy. These issues were presented to PDG on 12 September 2022 and a solution approved on 1 November 2022.

At the request of PDG a lesson learned review of the integration between Alloy and Granicus Firmstep was commissioned and undertaken by the Place Department IT Senior Relationship Manager. This was completed and presented to PDG on 4 April 2023.

The lessons learned review findings were that the challenges with integration between the systems were due to:

a) **Granicus Firmstep system capability.** The product had a lack of complex fault and case management functionality, required to deliver the volume and complexity of the Highways requirements for enquiry management. Therefore the efficiencies and improvements (benefits) in

customer experience, improved reporting and business intelligence could not be realised as intended. The product offers fewer and less well-developed options for integration with other systems due to the products relative age in comparison to more recently developed solutions. Concerns were only raised by the Highway Service at implementation stage when training had been provided on the system. This was unlikely to be unique to Highways and may be experienced by other areas of service delivery, albeit the complexity of activity within Highways service delivery meant that the issues were exacerbated.

b) Complexity of the configuration of the Granicus solution. Officers experience was that the configuration was more complex and less flexible than anticipated. The model adopted by Customer Experience of each service area to able to create, edit and maintain the system for their service area following training supplied through Customer Experience along with technical support from ICT services. However, in order to configure the system officers required a level of technical ability and service areas did not hold the resource expertise to implement (with the exception of Highways), and therefore had to rely and find additional funding to procure Granicus consultants to complete the work. This had led to a slower than planned implementation and multiple instances of templates for similar processes and configurations being overwritten for some areas of the business by mistake.

The lesson learned review concluded the following:

- a) There was a failure to understand the system capabilities from both an ICT and business perspective during the procurement process and;
- b) A distributed model for implementation for configuration has not been effectively managed, funded or resourced.

The lessons learned report highlighted a number of recommendations as follows:

- a) Requirement of programme and project governance to meet both corporate and service specific requirements through clarity about solution design to meet business and service need.
- b) Integration risks should be identified and managed as part of the ICT strategy.
- c) Requirement for solutions design capacity to ensure that essential capabilities are correctly identified to be delivered and the complex service and business area requirements can be met.

d) Requirement for corporate management and change control over the implementation of the Granicus solution through a centralised resource.

Members were given the opportunity to make comments or ask questions which centred around the integration of the two systems; the need for the system to be simple and user friendly to both elected members and the public once it was fully live; and indications of when the system would be available, which were duly noted or answered by the officers.

The Chairman on behalf of the Committee thanked Mr Bennett for the update report and agreed that a further update report be submitted at a future meeting regarding the overall Channel Shift Programme and how the integration of the Highways system was progressing.

RESOLVED to note the overview information, challenges and lessons learned that were detailed in the report.

The meeting finished at 1.00 pm