

## **DURHAM COUNTY COUNCIL**

### **CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE**

At a Joint Meeting of **Corporate Issues Overview and Scrutiny Committee** and **Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Friday 25 November 2016 at 9.30 am**

#### **Present:**

**Councillor J Lethbridge (Chairman)**

#### **Members of the Committee:**

Councillors E Adam, R Bell, H Bennett, J Blakey, J Carr, P Crathorne, R Crute, B Graham, A Hopgood, E Huntington, T Nearney, M Nicholls, L Pounder, J Rowlandson, M Simmons, P Stradling, L Taylor and J Turnbull

#### **1 Apologies**

Apologies for absence were received from Councillors J Alvey, B Armstrong, J Armstrong, L Armstrong, K Henig, J Hillary, N Martin, A Turner, M Wilkes and S Wilson.

#### **2 Substitute Members**

There were no substitutes.

#### **3 Minutes of the meetings held on:-**

The minutes of the meetings held on 27 September and 10 October 2016 were confirmed as a correct record and signed by the Chairman.

#### Matters arising:

27 September 2016 – the Head of Planning and Performance advised that in relation to page 4 of the minutes and the query raised by Councillor Wilkes regarding software licences, advised that the Head of ICT Services would be invited to attend a future meeting.

10 October 2016 – The Head of Planning and Performance in referring to page 8, paragraph 3 of the minutes advised that the query regarding employee turnover raised by Councillor Hillary would be updated upon under quarterly performance reporting.

Further discussion took place regarding paragraph 2 of page 8 regarding the deadline for the submission of Neighbourhood budget applications and the timing and impact of Purdah. It was agreed that an email should be sent to all members reminding them of the cut off date for applications.

#### **4 Declarations of Interest, if any**

There were no declarations of interest.

#### **5 Medium Term Financial Plan (7) Update**

The Committee considered a joint report of the Corporate Director Resources and Director of Transformation and Partnerships which provided an update on the development of the 2017/18 budget, the Medium Term Financial Plan (MTFP(7)) and the MTFP consultation. The Head of Finance (Corporate Finance and HR) also provided a verbal update on the Autumn Statement (for copy see file of Minutes).

The Head of Finance (Corporate Finance and HR) presented the report highlighting key amendments to the MTFP(7) model including; Business Rates/ Top Up Grant Retail Price Index (RPI) increase, Council Tax Base increase, Children Services Base Budget pressures and Adult Wellbeing and Health Savings Plans. He further advised that the savings requirement was forecasted to be £39m in order to balance the budget and this would be realised through savings options and utilising funds held within the Budget Support Reserve.

Moving on, he provided an update on MTFP(7) – 2017/18 to 2019/20 advising that some savings had already been agreed however could be subject to change depending on the impact of the Autumn Statement and public consultation responses.

With regard to the council's reserves position, it was reported that reserves were forecast to reduce in 2016/17 and would be a regular occurrence in future years. With regard to Earmarked Reserves it was noted that all three 'Corporate Reserves' were also likely to be fully utilised within the next five years.

The Head of Planning and Performance then provided an overview of the council budget consultation 2017-18. She advised that the consultation period had now ended and analysis of results was ongoing.

Councillor Hopgood commented that there was a need to take care in future years' consultations that the framing of questions regarding larger or smaller savings was fully contextualised by including information on the savings which had already been made in each area. Further savings falling in the areas where larger savings had already been made would not be achievable.

Councillor Stradling encouraged members to rely on the good judgement of Cabinet in considering the consultation results and of course taking into account any areas where savings would be deemed unachievable. Councillor Crute added that he agreed with the comments made by Councillor Hopgood.

Councillors Rowlandson in referencing the 450 youth consultees asked whether the different questions posed to that group would skew the results. It was noted that additional care should be taken in the methodology of the analysis to ensure it was robust and to set out any limitations, in particular when bringing together the responses from the full survey with those from the easy read versions designed for specific groups.

Councillor Crathorne asked what the exact total of reserves held by the council was. In response the Head of Finance (Corporate Finance and HR) advised that £234.5m was the total level of reserves held.

Councillor Bell commented that given the rise in Looked After Children (LAC) he queried whether this would result in an external budget pressure. In response the Head of Finance (Corporate Finance) advised that although there were more children in care the county had below than average number of LAC. With regard to the additional pressures facing Children's services, members considered that the effects of austerity on children and families was a key factor in increased referrals.

The Head of Corporate Finance (Financial Services) proceeded to update members on key issues arising from the Chancellor's Autumn Statement.

He advised that the statement was published on 23 November 2016 and provided further insight into the state of the national finances and also the forecast impact of Brexit. The Chancellor of the Exchequer announced that government borrowing over the period 2016/17 to 2020/21 would be £122billion higher than was forecast at the March 2016 Budget. This was as a result of the impact of Brexit (£58billion), the impact of new infrastructure investment (£23billion) and due to the economy generally not performing as well as had been expected (£41billion).

It was reported that rather than creating a national budget surplus in 2019/20 as forecast in the March 2016 Budget, the national budget would still have a £21billion deficit in 2020/21. This raises the possibility that austerity for public services could continue beyond 2020/21.

In relation to local government it was noted that there had not been any announcement in terms of additional funding for social care and this was disappointing given the extreme pressures on local authorities for both adult and children social care. In addition no news had been received in relation to New Homes Bonus and the Education Support Grant. However it was expected that further clarity will become available when the Council receives the finance settlement in mid-December 2016.

One piece of good news received, was the approved increase of 30 pence per hour in the National Living Wage, which reduced forecasted budget pressures faced by the Council in 17/18. It was however noted that the council still had a relatively low pay culture.

Further detail was provided regarding the National Productivity Investment Fund which provided additional funding for housing infrastructure, digital infrastructure, transport and local growth. It was however not known at this stage whether the council would benefit from any of the above funding streams.

Councillor Bell raised a query with regard to the Revenue Support Grant and asked whether this was agreed for the 4 year term. In response the Head of Corporate Finance (Corporate Finance and HR) advised that the government had issued a statement of intent which would secure the funding for the 4 year period.

Further discussion ensued regarding Better Care Funding and members commented on the importance of keeping a close eye on the Government commitment to the stated level of funding.

Finally members agreed credit should be given to officers on the way the report was presented and the ongoing work in developing the MTFP. The committee agreed that the Council deserves credit on the handling of austerity measures, especially in relation to the use of reserves.

**Resolved:**

- (i) That the updated amendments to MTFP(7) model attached at Appendix 2 be noted.
- (ii) That the forecast increase in the utilisation of Budget Support Reserve in 2017/18 from £8.2 million to £13.2 million to balance the budget be noted.
- (iii) That the increase in the requirement to identify additional savings to £34.387m for 2018/19 and 2019/20 be noted.
- (iv) Note the forecast end of year position on reserves and note the likelihood of utilisation of the Corporate reserves over the next five years be noted.
- (v) That the information in relation to MTFP(7) Consultation be noted.
- (vi) That a response to Cabinet be prepared upon the development of MTFP(7) in line with comments made by members at the joint meeting.

**6 Report of the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 2 2016/17**

The Committee considered a report of the Head of Legal and Democratic Services which informed members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during period 1 July 2016 until 30 September 2016 (Quarter 2) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose (for copy see file of Minutes).

The Legal Manager Governance and Elections provided a summary of activity for the quarter including outcomes following surveillance. She further advised that the council was due an inspection next year and with such increased information would be brought forward to Corporate Issues for consideration.

Mrs M Elliott, added that as a former magistrate it was good to see the work undertaken by the council in this regard.

**Resolved:**

That the content of the report be noted and that members agree that RIPA is being used consistently with the Council's policy and that the policy remains fit for purpose.

**7 (Former) Children and Adults Services Statutory Representations Report 2015/16**

The Committee considered a joint report of the Interim Corporate Director, Children and Young People's Services and the Interim Corporate Director, Adults and Health Services which provided an overview of statutory representations relating to children's and adults

social care services during the period 1 April 2015 – 31 March 2016 (for copy see file of Minutes).

Councillor Nicholls added that he wished to congratulate staff on their efforts and appreciated that that they were working as well as they could under the difficult circumstances.

Councillor Huntington added that although there had been a rise in complaints she was pleased to learn that work was being undertaken to encourage and empower young people to report issues themselves and have their say on issues affecting them.

**Resolved:**

That the contents of the Annual Statutory Representations Report be noted.

**8 Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration**

Light Touch Review – CRM

The Overview and Scrutiny Support Officer, with the agreement of the Chair provided a brief summary of progress made by the Light Touch Review Group in relation to CRM. It was noted that the final report with recommendations would be considered by the relevant Cabinet Portfolio Holder early next year following sign off by Corporate Issues Overview and Scrutiny.