

# DURHAM COUNTY COUNCIL

## OVERVIEW AND SCRUTINY COMMITTEE

**At a Special Meeting** of the **Overview and Scrutiny Committee** held at the County Hall, Durham on **Monday 21 January 2008** at **10.00 a.m.**

### **Present:**

**Councillor J Armstrong** in the Chair

### **Members:**

Councillors Barker, Burlison, C.Carr, R Carr, Coates, Davies, Douthwaite, E.Foster, Gray, Henderson, Holroyd, Martin, Ord, Priestley, Pye, Shuttleworth, Simmons, Southwell, Stradling, Tennant

### **Co-Opted Members:**

Mr D Bates, Mr B Birch, and Mrs M Robinson

### **Faith Communities Representatives:**

M Sands

Apologies for absence were received from Councillors Bell, and J Robinson, Mr P Mackie, and Rev. N Chittenden.

### **A1 Declarations of Interest**

There were no declarations of interest.

### **A2 Budget Update**

The County Treasurer gave the Committee an update on the budget position.

He explained that the position on the budget changes on a daily basis and would be presenting a report on this to the Cabinet on 31 January 2008. He had however

consulted the Cabinet on its intentions for the budget and was able to inform members of this. He advised that the financial settlement had not yet been received however it was hoped that they would have this by the end of the week or at the latest 31 January. There were to be discussions on the budget with the trade unions later that day, and the Citizen's Panel later in the week.

He advised that the budget was in a better position than previously thought following the provisional settlement being better than expected, and with there being an increase in the number of council tax properties from which the Authority would receive additional income.

He explained that the Cabinet in its deliberations had taken account of the comments made by the Overview and Scrutiny Committee and had borne in mind that members had asked for minimal impact on services, and not to use the reserves to support spending. The Cabinet had considered the use of reserves however had put this to one side at the moment.

The Cabinet had considered the issues relating to the Local Government re-organisation and with the elections for the new unitary authority in 2008, together with there being an extra 63 members on the authority, the Cabinet had determined that it should set aside £2m to deal with all the anticipated costs for the election.

He explained that the expected funds of £1.9m from the Local Authorities Business Growth Initiative would not be received in time to be included in the budget. The Government had issued a letter on 7 January, advising that they were reviewing the formula for issuing these grants, following a number of complaints and appeals by other authorities. It was hoped that this would be received in March however there were no assurances.

He pointed out that the Cabinet is looking at setting the council tax rate at 2.9% rather than 3.9%, which had been discussed previously, and that this would cost an extra £1.5m. The Cabinet were now looking at reversing the decision on making savings on all those areas that undermine performance in the consultation document, these were mainly in relation to environment services (£1m), however there were two issues in adult services, one which would be to reverse the savings identified of £70,000 for in-house provider efficiency savings, and the other for £200,000 to supported housing. The Cabinet would invest £500,000 in the youth service, £140,000 in the choice agenda, and there would be £500,000 for environmental issues and projects however these were yet to be determined. In relation to the Children and Young People's service there was to be an additional £250,000 to support the increasing legal costs for care proceedings. The Cabinet had identified £350,000 to be allocated to community centres, this would reverse the savings of £250,000 that had been identified and there would be an additional £100,000. They were also looking at allocating £2m to allocate to various projects. He advised that it would cost £5.8m to avoid using the reserves and in total there was £12m to be spent. He pointed out however that this was based on the provisional settlement.

He explained that there would be very little capital resource available over the next three years. There had been a whole range of projects that had gone through the

Asset Management Plan. £3.5m would be allocated to capital, however the detail of which would need to be determined after the forthcoming elections. He advised that this information would be available in the report that is considered by Cabinet on 31 January.

The Chairman commented that he was pleased that many of the issues previously highlighted by the Overview and Scrutiny Committee had been taken on board by the Cabinet. The Committee would meet again once the Cabinet papers had been issued and they would make an appropriate response.

Councillor Martin referred to the increase in the youth service budget of £500,000 and asked what the increase per head would be. The County Treasurer would report back to Councillor Martin and other members on this. *(After the meeting the following information was received- Section 52 comparative data for 2007/08 shows that at £36 per pupil the Authority was 24th lowest against shire counties. Their average spend was £45 per pupil. It would take £660,000 for the Authority to be at the average spend. All our statistical neighbours spend more, their unit cost average is £56. An extra £500,000 on 2007/08 figures would lift the spend per pupil to £43.18 Counties would still be spending more).*

In response to a question from Councillor Douthwaite about the issue of funding for school crossing patrols, The County Treasurer confirmed that the service had now passed to environment services however the management of it was still with the children and young people's service. The issues of the finance and transition of management were currently under discussion with the appropriate Chief Officers. The Committee would write to the Cabinet to ensure that the finance for providing the service is passed on to environment services.

The County Treasurer advised members about the current position with equal pay status following a question from Councillor Shuttleworth. The member had also suggested that more funds be put into highway maintenance. The Chairman advised that there had been a scrutiny group looking at the state of the highways and it had been identified that the backlog on highway maintenance was £170m, and £76m to refurbish the footpaths. He had requested that the same information be presented to a seminar for all members of the authority, and that recommendations be made for the new Authority to look at this as a real priority and have a strategic phased approach to undertaking the work.

The County Treasurer responded to a question by Councillor R Carr about the position in relation to the precepts set by parish councils. He explained the history of setting precepts by parish councils, and with the change under way in local government re-organisation they would have to look carefully at this issue in terms of double taxation. This would need to be discussed and debated in the new authority.

The Vice-Chairman commented that he too was pleased that Cabinet had taken on board the recommendations that scrutiny had made following its work over the past few years.

In response to Councillor Southwell's comments about the Committee not having full knowledge of the budget figures, The County Treasurer advised that they try and provide as much information as possible to members, and give the Cabinet and Overview and Scrutiny Committee the same information. He went on to explain that

the authority had a good year financially, in that it was under spent on the budget. In line with the recommendations of the Overview and Scrutiny Committee he had requested Cabinet to use some of this, and confirmed that there was a proposal going to Cabinet for £600,000 to be used on residential homes.

Councillor Burlison enquired whether the £250,000 for extra court costs had been provided by the Government. The County Treasurer reported that there was no separate pot of money for this. The Government had advised that funding for this was included in the settlement. Councillor Burlison advised that due to the success of the service, the costs for court cases was escalating, and therefore they must plan to ensure that these costs could be met.

Councillor Henderson commented that most of the suggestions made by Overview and Scrutiny Committee had been addressed, and was pleased that the reserves would not be used to support the budget. He suggested that the reserves of £5.8 be looked at by the new authority and used in a strategic way.

The Committee would meet on 31 January 2008 at 1.00 p.m. to consider the budget issues.

### **A3 Area Based Grants**

The County Treasurer advised the Committee of the position with the Area Based Grants.

He advised that when the Government first announced that there were to be Area Based Grants it seemed that these grants would allow more freedom to local authorities to spend money. It now appears however that these were to be awarded by Government Departments and would be based on outcomes, therefore there would be less flexibility. It was hoped that guidance on this would be issued by the end of January. It had been reported that there would be £24/25m of Area Based Grants however it was pointed out that much of this funding is already received in another format. He gave an example of this with funding for the de-trunking of the A167.

The County Treasurer advised that he has dual role in that he is Treasurer to the SLA as well as the County Council. It was believed that this money would go to the SLA, however this is not necessarily the case, and he has advised that all money should come to the County Council with the exception of that which would already have gone to its partners.

He advised that it has been reported to the LAA that there is £3/4m shortfall in funding to meet the back office costs of the voluntary sector. They are seeking to put a funding package forward to help the voluntary sector for the forthcoming year, and County Council will put £100,000 towards this and is suggesting to the District Councils and other partners that they contribute. The voluntary sector would then have to rationalise its services to meet the remainder of the deficit.

Councillor Davies advised that it was so important that members of the authority should be represented on the LAA. He was concerned that any money identified for highways should be spent in that way. The County Treasurer advised that they will ensure that the rural safety grant of £3.3m would stay with the authority.

The Chairman pointed out that they have made representations to LAA about member involvement in it, and they will shadow its work, indicate where its priorities should be, and be involved in target setting.

Mr Birch, a member of the voluntary sector, advised that with there being so much unpaid work it would be difficult for the voluntary sector to rationalise, and they would need help to do this particularly with the changes in local government re-organisation.

The Chairman commented that the involvement of the community and voluntary sector was important and he agreed that they would require assistance to rationalise.