

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Monday 29 January 2018 at 9.30 am**

### **Present:**

**Councillor R Crute (Chairman)**

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

Councillors A Patterson (Vice-Chairman), A Batey, R Bell, D Boyes, J Chaplow, P Jopling, L Maddison, J Makepeace, O Milburn, P Oliver, C Potts, L Pounder, J Robinson, J Rowlandson, M Simmons, F Tinsley, J Turnbull, M Wilkes, A Willis, M Davinson and J Nicholson

Councillor M Davinson (Substitute) and Councillor J Nicholson (Substitute)

### **1 Apologies for Absence**

Apologies for absence were received from Councillors E Adam, M Clarke, K Hawley, H Liddle, C Martin, H Smith, Mr R Patel and Mrs M Elliott

### **2 Substitute Members**

Councillor M Davinson for Councillor H Smith

Councillor J Nicholson for Councillor A Shield

### **3 Minutes of the meeting held on 18 December 2017**

The minutes of the meeting held on 18 December were confirmed as a correct record and signed by the Chairman.

#### Matters arising

The Corporate Scrutiny and Performance Manager referred to page 10 of the minutes and the query raised by Councillor Adam relating to affordable homes and noted that the figure had been understated as a result of an anomaly however would be corrected for the quarter 3 report.

In addition on the same page, the request for the Head of Digital and Customer Service to attend a future meeting had been noted and the topic was included in the boards work programme.

### **4 Declarations of Interest**

There were no declarations of interest.

## **5 Medium Term Financial Plan (8), Council Plan, Service Plans 2018/19-2021/22**

The Board considered a joint report of the Director of Transformation and Partnerships and Corporate Director Resources which provided Members with an update on the Medium Term Financial Plan (8) (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services reported that the MTFP(8) report to Cabinet in October 2017 forecasted that additional savings of £37 million would be required to balance the budget over the 2018/19 to 2021/22 period. In addition at that time there was still a great deal of uncertainty regarding Business Rate Retention, the Fair Funding Review, the Social Care Review and the level of funding beyond the current four year settlement.

On 22 November 2017 the Autumn Budget was published and on the 19 December the provisional Local Government settlement was received. The impact of these announcements alongside increases in budget pressures had resulted in an increase in the savings requirement over MTFP(8) to £48.1 million. The modelling assumed a council tax increase of 3.99% in 2018/19 and 2019/20. It was therefore forecast that a contribution in 2018/19 of £2.5 million would be required from the Budget Support Reserve.

The Head of Corporate Finance and Commercial Services further went on to provide detail relating to Business Rates and the National Living Wage increase.

Moving on details were provided relating to the provisional Local Government Finance Settlement which was published on 19 December 2017 and provided details on the increase from 2% to 3% in the council tax referendum limit for 2018/19 and 2019/20, core grants, Business Rate Retention and the Rural Services Delivery Grant.

Members further noted updates with regard to the 2018/19 Budget and base budget pressures especially in relation to the impact of the two year pay offer and pressures in adult and children's social care. Overall the amendments to the MTFP(8) Model had increased the savings requirement across the MTFP(8) period by £10.6 million. In addition Members noted the increase in base budget pressures and the requirement to increase the utilisation of the BSR.

The Head of Partnerships and Community Engagement then went on to provide an overview of the budget consultation process which had enabled the council to engage with over 3,3000 people of which 1,175 gave their views. 78.1% indicated that they thought the proposals represented a reasonable approach. He further circulated to members a copy of a table which had been omitted from the report under paragraph 64.

Councillor Jopling asked where the detail was regarding service underspends and asked what happened to any unspent budget at year end. In response the Head of Corporate Finance and Commercial Services advised that this detail was contained in the outturn reports reported to Cabinet on a quarterly basis. He further noted that each service had its own cash limit and were able to carry forward any underspend in to the next financial year. He referred to the Children and Young People's service

grouping, noting that there are overspends in this area, however were able to draw on cash limits to bridge the gap. In addition it was also noted that all services cash limits had been top sliced in the past in order to replenish the ERVR reserve.

Councillor Jopling also asked whether it was known whether the number of people representing minority party groups on AAP Forums had decreased.

The Head of Partnerships and Community Engagement advised that the number of forum members was increasing as was the amount of information being sent out to individuals. He further provided details of previous consultation exercises and participatory budgeting and noted that the level of participation stood up well against other councils. It was also important to note that the comments received were consistent.

Councillor Crute asked whether social media was used as a tool for generating participants and if so was any data available. In response the Head of Partnerships and Community Engagement advised that over 100 people had viewed the proposals online however only 94 of them had clicked through to complete the survey. He noted that due to the complexity of the issue it was found that face to face sessions were better as many felt it was beneficial to have a more in depth explanation of budget issues.

Councillor Boyes raised a query regarding the involvement of council tax payers and noted that a popular misconception with residents was that the majority of local government spending was raised via Council Tax. He commented that by addressing this misunderstanding, more residents maybe more keen to participate.

In referring the government decision to allow local authorities to increase their council tax by up to 3% in 2018/19 without the need for a referendum, Councillor Bell noted that the additional 1% increase would only generate around £2m and across 4 years would not meet the shortfall. Members therefore queried whether it should be considered appropriate to increase the council tax by 3% in the forthcoming year.

Councillor Bell raised a further query regarding base budget pressures and made particular reference to Children and Young People's Services noting that funding was adrift by £3.4m. In response the Head of Corporate Finance and Commercial Services noted that the number of children in care had risen from 600 to 800 over the last couple of years.

Councillor Tinsley noted that without a general election likely before 2022 the council would not be expecting any additional funding or major cash inflow before that point. He noted the potential impact of the fair funding review and commented that he had some concerns about the funding outlook beyond 2019/20 and whether there was a risk of further cuts. He further made reference to budget assumptions and asked whether the government were assuming that the council would take the increase on council tax capping.

With regard to the consultation exercise he noted the good work of the team however queried whether future consultation could be carried out in tandem with council tax billing.

The Head of Corporate Finance and Commercial Services advised that 20-25% of the councils expenditure was financed from council tax. He further noted that many other councils were facing extremely uncertain times ahead because of their financial planning and use of reserves. He further made reference to regeneration and reliance on the local economy noting that regeneration was a top priority for the council.

Councillor Wilkes raised a query regarding the MTFP model and its accuracy and noted that he felt that the council was too prudent in its outlook making savings, whilst continuing to underspend on the revenue budget and increase reserves year on year. The Head of Corporate Finance and Commercial Services provided details regarding the difference between useable and earmarked reserves and provided assurance that the estimates in the 2018/19 budget forecast are accurate. Assumptions beyond 2018/19 were prudent to ensure savings plans could be developed and considered to balance the future years budgets under any scenario. Councillor Wilkes further commented that if members were being asked to look at savings where staff may be affected and services were underspending many people would ask the question why.

Councillor Crute commented that general reserves were key to ensuring protection of services and noted that had the council planned ineffectively the council would hold no reserves at this stage and the impact on staff could be much greater.

Councillor Maddison raised a number of queries including reserve levels, suggested methods of engagement and proposed savings. The Head of Partnerships and Community Engagement advised that infographics had been used before. In addition an online video had been available which had been watched by 10,000 people. Regarding the timing of consultations, he advised that due to the timing of reports and information from government, it was either too late or too early to consult with the public around the council tax billing time.

The Head of Corporate Finance and Commercial Services advised that there was no definitive level that reserves should be set at however the council did take CiPFA guidance on this and the council's own policy was that the General Reserve should be between 5 and 7.5% of the Net Expenditure Budget. Whilst some members felt that the reserves had been well managed in order to meet unforeseen circumstances it was recognised that there is a view held by residents that the councils reserve levels are too high.

Councillor Robinson noted his congratulations to the team for involving youth in the consultation exercise as ultimately the decisions made will affect them in the future. He further commended officers for the approach taken to the councils financial planning, acknowledging that many other councils were in a less favourable position. He further welcomed the information provided regarding the protection of the public health budget and noted the current position with regards to the Better Care Fund.

Councillor Makepeace made reference to discussion which had taken place at a corporate parenting meeting regarding the age at which care stopped for looked after children and the cost implications should the age be increased from 25. In response the Head of Corporate Finance and Commercial Services advised that each service had to find their own efficiencies if they wanted to be able to fund further projects.

Councillor Davinson suggested that it may be useful for members to view the budget in pie chart form. It was agreed that this could be provided to members.

As a point of clarification Councillor Potts, in responding to Councillor Makepeace's point regarding looked after children, noted that the authority had a statutory obligation to support care leavers until they were 25, however if they were to come back after the age of 25 with a problem, the service would do all they could to assist.

Councillor Bell in referencing the increase in National Living Wage noted some contradiction between paragraphs 29 and 30 of the report and acknowledged the rise in council tax cap would not cover the NLW increase.

Councillor Tinsley added that he felt that it was important to note that the councils reserves were within our own agreed policy limits with 5% and 7.5% of our Net Revenue Expenditure, although did agree that ways to communicate the difference between general and earmarked reserves to the public, which were set aside to finance specific future items of expenditure should be explored.

Councillor Jopling raised a query regarding regeneration and retention of business rates and noted that planning was integral to that programme of regeneration. It was noted that a number of planning staff were currently tied to working on the County Durham Plan, however once that had been finalised could return to planning posts to support this area of work.

In summarising, Councillor Patterson thanked the Head of Corporate Finance and Commercial Services and his team for their robust financial planning and noted that through careful planning the council were able to deal with those additional children under care. She further noted her disappointment that the government continued to ignore deprivation and need, as a factor in calculating grant support and that this change in the way funding was determined, was leading to a shift in resources from the north to the south of the country. In addition, Durham received no rural funding despite it having some of the most sparsely populated areas in the country. She further noted that she felt more should be done to communicate with residents that the cuts being made were as a result of the government's austerity programme.

In conclusion Councillor Crute thanked officers for their work and noted that he felt it had been dealt with in the best possible manner.

**Resolved:**

- (a) That the overview of the Chancellor of the Exchequer's Autumn Budget and the impact upon local government be noted.
- (b) That the impact of the provisional local government settlement upon the council be noted.
- (c) The adjustments to the 2018/19 Budget mainly resulting from an increase in base budget pressures which will result in the requirement to utilise £2.5 million of the Budget Support Reserve be noted.
- (d) That the savings required across the 2011/12 to 2021/22 period will now be circa £257 million be noted;
- (e) That the council will need to identify and approve additional savings of a forecast £29.5 million across the 2019/20 to 2021/22 period to balance the budget be noted;
- (f) The output from the MTFP(8) budget consultation process and utilise the information when considering budget setting across the MTFP(8) period be noted and comments forwarded to the Cabinet for consideration;
- (g) That the process to include equality analysis to ensure the effective discharge of the Council's public sector equality duty be noted.

**6 Customer Feedback Report Quarter 2, 2017/18**

The Board considered a report of the Corporate Director of Resources which presented the Customer Feedback: Complaints, Compliments and Suggestions report for quarter 2, 2017/18 (for copy see file of Minutes).

Councillor Maddison referred to page 20 of the report and asked whether additional information could be provided regard adult social care complaints and how cases were tracked and handed over to case workers. The Customer Relations Manager advised that further detail could be provided within the quarter 3 report – but could also be picked up by the relevant overview and scrutiny committee. It was noted that the numbers of complaints recorded that quarter did not always match the numbers resolved; this was due to some complaints still being subject to investigation when the report is written. This would be looked at to improve the way in which the numbers are reported.

Councillor Batey, in referring to a recent issue regarding missed bin collections in her division added that she would like to see the actions and lessons learned to be articulated in the next quarterly report to show how the issues had been addressed. The Customer Relations Manager noted that this could be provided however noted that due to the timing of the bin incidents data may fall across both quarters 3 and 4.

Further discussion took place regarding recycling and Councillor Makepeace referred to a specific issue in his division, he further noted issues regarding fly tipping and difficulties with the CRM system not relaying information once an issue had been resolved. Councillor Crute noted that environment issues should be referred to the Environment and Sustainable Communities Overview and Scrutiny Committee.

Councillor Jopling asked how compensation for ombudsman cases was calculated. In response the Customer Relations Manager advised that decisions on compensation were taken in line with ombudsman guidance and the Council's remedies policy.

Councillor Patterson noted that she was aware of issues around CRM reporting and lack of updates provided. Councillor Turnbull also noted that he had experienced issues in his division whereby issues had been marked as completed without feedback as to what action had been taken as the issues appeared unresolved. The Customer Relations Manager advised that she would take the comments back.

**Resolved:** that the content of the report be noted.

## **7 Update in relation to Petitions**

The Board considered a report of the Head of Legal and Democratic Services which provided for information the quarterly update in relation to the current situation regarding various petitions received by the Authority (for copy see file of Minutes).

**Resolved:**

That the content of the report be noted.

## **8 Notice of Key Decisions**

The Board considered a report of the Head of Legal and Democratic Services which provided a list of key decisions that were scheduled to be considered by the Executive (for copy see file of Minutes).

The Senior Committee Services Officer reported that since the last update the School Admission Arrangements for the Academic Year 2019/20 and the Proposals to change the age range of Bowburn Junior School from 7-11 to 3-11 from 1 September 2019 and to close Bowburn Infant and Nursery School as a registered school from 31 August 2019 had been added to the plan.

**Resolved:**

That the content of the report be noted.

## **9 Information Update from the Chairs of the Overview and Scrutiny Committees**

There were no updates given.