

## **DURHAM COUNTY COUNCIL**

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Wednesday 14 February 2018 at 9.30 am**

### **Present:**

**Councillor R Crute (Chairman)**

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

Councillors A Patterson (Vice-Chairman), E Adam, A Batey, R Bell, D Boyes, M Clarke, P Jopling, J Makepeace, C Martin, C Potts, L Pounder, J Rowlandson, H Smith, J Turnbull, M Wilkes and A Willis

### **1 Apologies for Absence**

Apologies for absence were received from Councillors H Liddle, L Maddison, O Milburn, P Oliver, J Robinson, M Simmons and Mrs M Elliott.

### **2 Substitute Members**

There were no substitutes.

### **3 Minutes of the meeting held on 29 January 2018**

The minutes of the meeting held on 29 January 2018 were confirmed as a correct record and signed by the Chairman with the following amendment:-

Item 9 to read as follows:-

“The Board considered a report of the Director of Transformation and Partnerships which provided an information update of overview and scrutiny activity from December 2017 – 29 January 2018.

### **4 Declarations of Interest**

There were no declarations of interest.

### **5 Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 3 - 2017/18**

The Board 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 the period 1 October 2017 until 31 December 2017 (Quarter 3) 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).

**Resolved:**

That the quarterly report be received and that Council's use of RIPA is being used consistently with the Council's policy and that the policy remains fit for purpose.

**6 Medium Term Financial Plan (8) 2018/19 to 2021/22 and Revenue and Capital Budget 2018/19**

The Board considered a joint report of the Director of Transformation and Partnerships and Corporate Director of Resources which provided a summary of the Cabinet report of 7 February 2018, relating to the Medium Term Financial Plan (MTFP 8) 2018/19 to 2021/22 and Revenue and Cabinet report of 7 February 2018 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services reported that by 31 March 2018, the council will have delivered savings of £209 million since 2011. He further noted that since the publication of the report the final settlement had been received by government which contained two key changes. The first being in relation to the one-off Adult Social Care Support Grant for 2018/19 and the second in relation to the miscalculation of a Section 31 Grant, which meant that an additional £264,000 would be provided to the council. As a result of these two changes there was a reduced pressure on the Budget Support Reserve (BSR) for 2018/19.

He went on to provide a detailed presentation of the report including detail relating to Revenue Support Grant (RSG) reductions and other specific grants which would be reduced over the MTFP (8) period totalling £5.4 million. He further noted that the settlement confirmed that the council tax referendum limit would be increased from 2% to 3% in 2018/19 to recognise the cost pressures being faced by local authorities.

Updates were also provided regarding the proposed pay increase and the impact that this may have on frontline services in order to fund it. The Head of Corporate Finance and Commercial Services further advised that the settlement funding assessment highlighted the major reductions to funding streams and noted the unfairness of the funding formula for Durham which had one of the largest areas of deprivation in the country.

Moving on the development of the MTFP(8) the Head of Corporate Finance and Commercial Services advised that table 18 of the report highlighted the revenue support grant reductions over the two year period and although it was forecasted that there would be no further reductions in RSG after 2019/20, the fair funding review in 2020/21 could have a significant impact upon RSG and broader government funding levels.

Councillor Bell referred to paragraph 175 of the report and noted the £5.6 million savings required in Adult and Health Services and asked where the £13 million received in 2018/19 would be spent and the funds received in subsequent years. The Head of Corporate Finance and Commercial Services advised that plans have been agreed with CCG's on how this funding will be spent. Any sums unspent at

the end of 2017/18 will be placed into an earmarked reserve to ensure they are available for use in line with the agreed CCG joint plan. Regarding the 2019/20 - £8m and 2020/21 £4m it was reported that this is being utilised to support the core council budget. Further information regarding plans for the expenditure of this funding should be directed to the Corporate Director of Adult and Health Services. .

Councillor Wilkes in referring to page 48 and paragraph 115 of the report noted base budget pressures totalling £1.2 million in relation to Microsoft Licensing. He noted that he had raised previously the idea of looking at alternative providers such as Open Source, which was used successfully in Scandinavia in order to avoid ever increasing licensing costs.

With regard to the issue of reserves, he further asked why the council held general reserves at a high level when there were approximately 51 separate reserves and each service held their own cash limits. The Head of Corporate Finance and Commercial Services advised that he supported Councillor Wilkes comments on the issue of Microsoft Licensing and noted that this was a challenge going forward. With regard to the wide range of earmarked reserves he explained why it was important for the council to retain earmarked reserves but to also hold a level of general reserves to meet unexpected expenditure.

Councillor Wilkes responded by stating that he was concerned that there was a danger that Government could think the council was in a good position due to level of reserves held and could potentially seek to cut funding further.

Councillor Crute noted that reserves were held for a reason and that the way in which this was communicated to residents was important. It was also important to note that the size of reserves was comparable to the size of the overall council budget and its responsibilities as an authority.

The Head of Corporate Finance and Commercial Services noted that once the funds had been removed from reserves for the new HQ the council would significantly reduce the level of earmarked reserves.

Councillor Patterson asked whether it would be possible to provide an additional breakdown and explanation of reserves on the council's website in addition to the information that had to be provided as a statutory requirement. Councillor Crute noted that the transparency of reserves issue had already been fed back to Cabinet.

Councillor Martin asked whether any action had been taken on any of the ideas raised as a result of the consultation exercise and furthermore, whether any action had been taken on lobbying government, regarding additional pay for staff. In response, the Head of Corporate Finance and Commercial Services advised that the consultation process had been broadly supportive of the approach taken by the council and that the council continued to protect those services prioritised by the public. Regarding the issue of lobbying government, he noted that this request has been put forward and although some of the issues raised had been listened to many others had not.

Councillor Adam commented that the negative media regarding reserves did not help the public perception and sought support from members across all parties that

the message needed to be put out there that the council required this level of reserves to ensure that frontline services were not cut.

Councillor Jopling then raised a query with regards to the pension fund and whether this was an ongoing pressure. The Head of Corporate Finance and Commercial Services advised that this was an ongoing pressure, with the pension fund currently running with a deficit. He reported that in order to receive a discount on annual contributions the council had taken the decision to pay deficit contributions in advance which was only possible because of the council's cash position. In addition, he provided an explanation as to how the pension fund was affected by stock markets. He noted that there was currently a £1 million pound pressure sitting within the MTFP which could go up but also may not be required.

Councillor Wilkes in referring to the capital programme element of the budget, noted his concerns regarding the school maintenance budget and that only funding for new schools was accounted for. He therefore queried whether funds could also be set aside to fund repairs for existing schools. He further commented that these issues had been previously raised with the Portfolio Holder and a sum of money had been reallocated in previous years to accommodate this.

In response to the suggestion by Councillor Wilkes the Head of Corporate Finance and Commercial Services advised that the service had not indicated that any additional funds were required for school maintenance. He further noted that there were backlogs in other service areas such as highway maintenance. He further pointed out that the government provided a £10 million fund for school building maintenance and ongoing reviews of schools took place to prioritise maintenance work. He further pointed out that any changes to the budget must be supported by proposed savings in other areas to balance the budget.

Councillor Bell raised a query regarding capital borrowing. The Head of Corporate Finance and Commercial Services explained that the council had recently borrowed because of the low interest rates available at that time. He also reported that Durham County Council had low debts in comparison to other authorities.

Moving on Councillor Rowlandson referred members to table 25 of the report and capital receipts and noted that there was nothing included in the table for 2019/20 and asked how a nil receipt would be accounted for. The Head of Corporate Finance and Commercial Services advised that capital receipts in the main came from land sales, housing stock transfers and the sale of fleet cars. The budget set aside £10 million in capital receipts however this amount was becoming increasingly difficult to obtain due to land value and the amount of land the council had left to sell. Therefore, the council have to assume that this figure may not be achievable in future years.

Councillor Martin in noting comments about the publicity of reserves noted that he agreed with comments made by Councillor Adam about clarity of information provided to the public, but in noting his request for minority party support, suggested that this should be reciprocated when minority party groups put forward valid suggestions of budget amendments. Councillor Crute reminded Members that this meeting was a forum for comments on the MTFP and all issues raised would be reported back to Cabinet.

**Resolved:**

That the content of the Cabinet report be noted and that comments raised be forwarded to the Cabinet for consideration.

**7 Review of Overview and Scrutiny Co-optee Arrangements**

The Board considered a report of the Director of Transformation and Partnerships which presented proposals to further update the Council's Overview and Scrutiny co-optee arrangements, for consideration by members (for copy see file of Minutes).

The Head of Strategy noted her thanks to D Close, Overview and Scrutiny Officer for her hard work in preparing the report.

Councillor Wilkes in referring to paragraph 28 of the report queried whether the recommendation proposed that financial issues relating to educational matters were no longer reported to the Board. The Head of Strategy advised that there was no intention to fetter budget discussion at COSMB and the wording of the recommendation would be amended to better reflect that point. All issues relating to financial matters would continue to be considered by the Board.

**Resolved:**

- i) That the appointment protocol for non-voting, non-statutory co-optees be revised to allow currently serving co-optees to apply as part of the refresh of the appointment process to be undertaken in 2018.
- ii) That the Safer and Stronger OSC, the designated Crime and Disorder Committee for County Durham, retains the option in the future to co-opt onto the committee as statutory non-voting co-optees further partners from the Community Safety Partnership.
- iii) That the terms of reference to the COSMB and the C&YPs OSC in DCC's Constitution are altered to state that all educational matters (non-financial) to be considered by Scrutiny are referred through the C&YPs OSC only and that the C&YPs OSC faith and parent governor representatives would only be invited to COSMB in the event of an educational matter being referred back through scrutiny via the call-in process.

**8 Single Use Plastics (SUP)**

The Board considered a report of the Director of Transformation and Partnerships which provided an overview of how the council were examining the issue of Single Use Plastics (SUPs) (for copy see file of Minutes).

The Overview and Scrutiny Officer advised that following the motion which was passed by County Council on 24 January 2018 various discussions had taken place with colleagues across a number of services and the proposed next steps were reported.

Councillor Adam as Chair of the Environment and Sustainable Communities noted that the council had been operating sustainable strategies in terms of procurement

wfor some time, linking to climate change. He did however agree that the council should be more focussed on SUPs and ensure that this was driven forward corporately. In terms of the proposed DCC task group, he queried whether it would be appropriate for a representative from the Environment and Sustainable Communities Overview and Scrutiny Committee to have input on the working group at an early stage of discussions. It was agreed that the amendments proposed be made to the recommendations.

**Resolved:**

- i) That the content of the report be noted and the proposal for the establishment of a DCC SUP Task Group to address paragraph 'a' of the motion be agreed.
- ii) That the County Durham Environment Partnership be requested to undertake a project to address paragraphs 'b' and 'c' of the motion.
- iii) That the County Durham Environment Partnership present their findings and conclusions to the Environment and Sustainable Communities Overview and Scrutiny Committee.

Signed.....

Date.....