

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in **Committee Room 2 - County Hall, Durham** on **Friday 13 September 2019** at **9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors A Batey (Vice-Chair), E Adam, M Clarke, P Jopling, B Kellett, L Maddison, J Makepeace, R Manchester, C Martin, O Milburn, J Robinson, J Rowlandson, A Savory, H Smith, F Tinsley, J Turnbull, A Willis, E Scott (substitute for A Hopgood) and J Nicholson (substitute for A Shield)

Also in attendance:

Councillor J Considine

1 Apologies for Absence

Apologies for absence were received from Councillors A Hopgood, C Potts and A Shield.

2 Substitute Members

Councillor J Nicholson substituted for Councillor A Shield and Councillor E Scott substituted for Councillor A Hopgood.

3 Minutes

The minutes of the meeting held 21 June 2019 and special meeting held 23 July 2019 were agreed as correct records and signed by the Chair.

Matters Arising

With regards to matters arising from the minutes of the meeting held on 21 June 2019, the Corporate Scrutiny and Strategy Manager, Tom Gorman confirmed the following:

- Minute six, paragraphs four and five - issues raised by Councillor B Kellett in respect of the Performance Management report, looking at employment rates for males, females and full and part-time and business survival rates. The Corporate Scrutiny and Strategy Manager explained that the Managing Director, Business Durham, Brian Archer copied a response to the Chair and Vice-Chair of the Economy and Enterprise Overview and Scrutiny Committee in this regard.
- Minute six, paragraph nine - in respect of an issue raised by Councillor F Tinsley regards use of gross value added (GVA) figures rather than gross domestic product (GDP) figures, the Corporate Scrutiny and Strategy Manager noted that GDP figures were only available nationally and regionally, therefore GVA was used as that measure was available at the local authority level. He added that following a comment from Councillor R Crute in respect of the GVA Grant figures it was noted there had been a typographical error, the figure should have read £38 million, not £3.8 million.
- Minute six, paragraph twenty - the Corporate Scrutiny and Strategy Manager explained that following a comment from Councillor M Wilkes in respect of passenger data calculations for the new Horden Train Station and promotion of the station, Councillor M Wilkes was provided with the background information.
- Minute eight, paragraph two - the Corporate Scrutiny and Strategy Manager noted a query from Councillor F Tinsley as regards electric vehicle charging points, with a further item on this matter being scheduled for a future meeting of the Environment and Sustainable Communities Overview and Scrutiny Committee.

4 Declarations of Interest

There were no Declarations of Interest.

5 Quarter 1 June 2019: Forecast of Revenue and Capital Outturn 2019/20 and Revenue and Capital Outturn 2018/19

The Board considered two reports, the first of the Corporate Director of Resources and the second of the Director of Transformation and Partnerships, which both provided details of the forecast outturn budget position for the above service groupings highlighting major variances in comparison with the budget based on the position to the end of June 2019 (for copy see file of Minutes).

Resolved:

That the content of the report be noted.

6 Update on the delivery of the Medium Term - Financial Plan 8

The Board considered a report of the Director of Transformation and Partnerships which provided an update on the progress made on the delivery of the 2018/19 Medium Term Financial Plan (MTFP8) (for copy see file of Minutes).

The Chair noted the gender split relating to early retirements and voluntary redundancies and asked for further information. The Head of Transformation, Andy Palmer noted that the split reflected the ratios of females and males within posts, examples being: historically there would be more female posts within services such as social care, more male posts within areas such as Clean and Green. He added that the overall splits mirrored the splits within most unitary local authorities.

Councillor F Tinsley noted paragraphs five and eight of the report referred to savings of £224 million and being on target for savings of £251 million for the period 2020/21 and asked if the additional £10 million of savings agreed by Cabinet in February was from the current year. The Head of Transformation noted the £224 million was to date, the £251 million was predicted with the forecast being prudent. The Head of Corporate Finance and Commercial Services, Jeff Garfoot, noted the additional £10 million was for the current year, totalling £234 million, with £17 million to be saved the following year.

Resolved:

That the content of the report and progress made in delivering MTFP8 be noted.

7 Medium Term Financial Plan (10) 2020/21 to 2023/24 and Review of the Local Council Tax Reduction Scheme for 2020/21

The Board received a joint report of the Corporate Director of Resources and Director of Transformation and Partnerships which provided the Cabinet report of 10 July 2019 relating to the Medium Term Financial Plan (MTFP) (10) 2020/21 to 2023/24 and Review of the Local Council Tax Reduction Scheme for 2020/21 (for copy see file of minutes).

The Head of Corporate Finance and Commercial Services noted that there had been a delay in information relating to the Fair Funding Review until

2021/22 and longer-term information would not be received until next year, with the Government's Comprehensive Spending Review.

Councillor L Maddison entered the meeting at 10.00am

The Head of Corporate Finance and Commercial Services noted there was uncertainty beyond 2021/22 in terms of: the Adult Social Care allocation; Schools funding; the High Need Dedicated Schools Grant; and changes to the New Homes Bonus.

The Head of Corporate Finance and Commercial Services explained the proposed continuation of the Local Council Tax Reduction Scheme, with the Council now being the only local authority in the North East to retain entitlement levels for Council Tax Support. He added there was a high collection rate in terms of Council Tax, 99 percent.

The Chair noted there were some positives within the report, albeit with uncertainty and pressures beyond the next financial year.

Councillor J Makepeace noted the art of forecasting was not fool-proof and added that given the uncertainties and budget pressures whether a new headquarters for the Council was prudent. The Chair noted that the move to the new headquarters was, in part to make savings, as set out at Agenda Item 9, Smarter Working.

Councillor E Scott noted reduced car parking income from the closed Sands car park should be taken into account with works having begun on the new headquarters site, and also asked if any compensation was available for areas such as the city as many properties would be occupied by students and therefore Council Tax exempt. The Head of Finance and Transactional Services, Paul Darby noted that in the past there had been a grant in terms of areas which had universities, though this had not been in effect since 2013.

The Head of Corporate Finance and Commercial Services noted there would be a short-term reduction in car parking income as stated, however over the longer-term it was expected there would be an overall increase in income with the new multi-storey car park.

Councillor E Adam asked as regards the Budget Support Reserve and whether it was added to each year, and at what point would that reserve be used up. The Head of Corporate Finance and Commercial Services noted that the Budget Support Reserve would be utilised to support frontline services and be topped up via the MTFP.

He added this was good practice with the Council being ranked 35 of 100 of local authorities in respect of levels of reserves against budget.

Councillor F Tinsley referred to the recent reports in the press as regards the Government's plans relating to business rates retention and asked, given the pressures in relation to the high street, how this could impact on the Council. The Head of Corporate Finance and Commercial Services noted that it was an issue to keep an eye on, however, it was not possible to second-guess when businesses fail. The Head of Finance and Transactional Services explained as regards Business Rate Relief, noting it had tended to be neutral for local authorities, though there had been no announcements from Government within recent spending reviews on the matter. He added that any compensation tended to be time-limited and to be delivered via local policies, placing the burden on local authorities rather than Government. The Head of Finance and Transactional Services noted that the main contributors in terms of business rates within the County were large supermarkets.

Resolved:

That the content of the report be noted.

Councillor J Considine left the meeting at 10.33am

8 Review of the Council Tax Long Term Empty Premium Charges

The Board received a report of the Corporate Director of Resources which provided an update on the Review of the Council Tax Long Term Empty Premium Charges (for copy see file of minutes).

The Head of Finance and Transactional Services gave a presentation on the Housing Strategy and Council Tax Long Term Empty Premium Charges, noting that the current stage represented an opportunity for views on the proposals within the report and presentation.

He explained that the current policy formed part of the wider Housing and Homeless Strategies and was a tool to incentivise the owners of long-term empty properties to bring them back into use. He outlined that the current policy on long term empty properties, which applied to those empty for over two years, was implemented in 2013 and allowed for a 50 percent premium to be charged. He added that a period of occupation of over six weeks would 'reset the clock' in terms of the two-year empty period.

The Head of Finance and Transactional Services reminded Members that the number of long-term empty properties had reduced, with the Council working

hard to bring them back into use, noting figures of 2,007 in March 2013 reducing to 1,364 in April 2019. He explained that The Rating (Property in Common Occupation) and Council Tax (empty Dwellings) Act 2018 aimed to encourage the owners of long-term empty homes to bring them back into use by enabling local authorities to charge a higher premium from 1 April 2019. Councillors noted that the new maximum premium charges allowed was: 100 percent from April 2019 for those empty for two years or more; 200 percent from 1 April 2020 for those empty for five years or more; with further powers were expected in terms of 300 percent from 1 April 2021 for those empty for more than 10 years or more.

The Head of Finance and Transactional Services set out the potential impact if the 100 percent premium was applied to those properties empty for two to five years, and also if the 200 percent premium was applied to those empty for over five years. It was added that this assumed properties at Council Tax Band A, the majority of properties within the County, and Members noted the potential in terms of a MTFP savings for 2020/21. He highlighted that Government guidance noted the premium was not intended to penalise owners of properties that were genuinely on the housing market for sale or rent, with local authorities having the discretion to grant relief as appropriate.

The Head of Finance and Transactional Services explained potential issues: impact on the collection rate for long-term empty properties; impact on owners of properties that could not be sold or let; and avoidance through short-term occupation to 'reset the clock'. Members were made aware of options available in terms of hardship relief and noted the proposals and consultation to be undertaken, with a further report to be considered by Cabinet in November / December. The Head of Finance and Transactional Services noted that the 300 percent premium was not being consulted on at this time as this couldn't be introduced until April 2021 and noted key dates in terms of reporting to Cabinet, policy implementation and review of impacts.

The Chair thanked the Head of Finance and Transactional Services for his presentation and asked the Committee for their comments and questions.

Councillor P Jopling asked about the current collection rates for Council Tax from empty properties. The Head of Finance and Transactional Services noted the rates were set out within a table at paragraph 35 which showed the amount collected both in year and over time for each financial year. He explained that the amount recovered increased over time and that there was an overall collection rate of around 98 percent. Councillor P Jopling asked as regards the cases where an owner could not be traced.

The Head of Finance and Transactional Services noted that such cases were rare, and that the Council did look to records, such as those at the Land Registry, when looking for owners and landlords and normal recovery processes would apply, regardless of where they lived.

The Chair noted that collection rates on accounts subject to the empty homes premium had been identified as a risk. He added that the creation of a database of private sector landlords for the selective licensing business case would help mitigate this risk. The Head of Finance and Transactional Services noted this was a good point and added that three Local Authorities had already implemented the 100% charge from April 2019 and that Durham had not progressed the proposals thus far as we were wanting to dovetail this with the review of the Housing and Homeless Strategies and the introduction of selective licensing. He added that around 30 percent of empty properties were those owned by landlords with more than one property, with around 70 percent being owned by those that only had a single property, for example those that may have inherited a property.

Councillor E Adam noted he felt the increase in the premium should not be seen as a method of increasing income, rather as a tool to encourage empty properties to be brought back into use, adding that the report merely exemplified the impact in terms of additional council tax charges should the numbers of properties subject to the premium remain the same.

Councillor B Kellett left the meeting at 10.56am

Councillor E Adam noted concern in the case where a long-term empty property may be on the market for sale and was in a poor state of repair and this could prevent the property from selling and asked what discretion the Council had in those instances. The Head of Finance and Transactional Services noted that it would depend upon the individual situation, with the Authority having schemes in place to offer support in the form of grants or loans should there be requirements for major works in order to have the property ready for sale or rent. He added that the Council would inspect such properties as part of the process. The Head of Finance and Transactional Services reiterated that these were the elements that would need to be considered carefully by Members in finalising any proposals to change the current policy.

Councillor H Smith left the meeting at 11.00am

Councillor E Adam noted that those properties that had been vacant for a number of years would have the potential for a large number of repairs to be carried out. The Head of Finance and Transactional Services explained there were Council grants and loan schemes to aid in such repairs.

Councillor A Batey asked whether the Council would look to provide relief in cases where a landlord declined the offer of a loan to restore a property. The Head of Finance and Transactional Services noted that they could qualify for an exemption as long as works were ongoing to bring the property back into a saleable or rentable standard. The exemption lasted for a maximum of 12 months. Councillor A Batey asked as regards cases where properties had been empty for over 10 years. The Head of Finance and Transactional Services noted that the Council had powers to increase the charge to 300% from April 2021 but that was not being consulted on at this stage. In those cases under the proposals would attract the larger premiums, which it was hoped would incentivise landlords into bringing a property back into use.

Councillor C Martin noted the proposals were very good and he felt they were very balanced and fair, looking to bring the benefits of having empty properties brought back into use. He asked how much income had been lost by not implementing the new premiums from 1 April 2019. The Head of Finance and Transactional Services noted the premium that potentially would have been generated was set out within the presentation, around £788,000. Councillor C Martin noted his concern that the opportunity for such an amount had been missed, adding every penny counted in the current financial climate. The Chair noted he understood the point Councillor C Martin was making, however, he felt it was very important to ensure the Council carried out the process properly and linked in with the overall Housing and Homeless Strategies and Selective Licensing, making sure consultation was carried out correctly. Councillor C Martin agreed it was important to get the process right, however, he noted that he wished that the process had begun a year ago or so. The Head of Finance and Transactional Services noted as the process was in tandem with the review of the Housing and Homelessness Strategies and the potential introduction of Selective Licensing, the Authority was not in the position to do so last year. He added that while a number of local authorities that had introduced the premiums from 1 April, they were in very different financial positions to Durham County Council.

Councillor F Tinsley agreed it was important to get the process right. He explained that house prices in his electoral division were the lowest in the county and with a lot of stock being built in the early part of the twentieth century, circa 1920s, with many not financially viable in terms of repair and then sale.

He added that given the low house prices, owners which inherit a property may not be able to invest to make it habitable which could give rise to the risk of people simply walking away from their properties.

The Head of Finance and Transactional Services agreed with the points made and explained that the Valuation Office Agency, part of Her Majesty's Revenue and Customs (HMRC) was the agency to assess properties and maintain the Council Tax Valuation List.

Councillor F Tinsley noted a case in his area where an inherited property was considered a liability and asked if there was help the Council could offer in such cases, for example a zero-cost transfer to the local authority or housing association.

Councillor L Maddison referred to instances when Members had visited empty properties where there was due to be large scale regeneration it could be difficult and asked what could be done in terms of the Council taking over properties.

Councillor H Smith entered the meeting at 11.12am

The Head of Finance and Transactional Services stated there was a number of issues, with planning and environmental health legislation that could apply in certain circumstances. However, in terms of Council Tax collection there was the usual process of reminder, notice, court, orders and enforcement, but no options in terms of compulsory purchase under that legislation. The Chair noted that particular issue fell outside of the scope of this specific legislation and the policies being looked at.

Councillor J Turnbull asked about a scenario where people 'worked the system' to be able to 'reset the clock', with some people claiming to live in a property part-time, whilst working away from home. The Head of Finance and Transactional Services noted that if a person did live at another address then the Council would look to pursue the empty property premium if the property was found to be unoccupied.

Councillor J Makepeace asked if the premium would apply to Council owned properties in addition to privately owned properties. The Head of Finance and Transactional Services noted that it applied to all domestic properties adding that the only domestic properties the Authority owned were cemetery caretaker's properties, with business properties not being subject to Council Tax.

Councillor O Milburn noted some empty properties had suddenly become 'holiday homes' or had furniture added to look to avoid the premiums and asked what work we undertook to investigate this.

The Head of Finance and Transactional Services noted that there was conditions that must be met to class a home as a holiday let, that there needed to be evidence that the properties were being occupied and that checks would be made, he added that simply advertising a property for let was not sufficient to avoid a premium, there would need to be evidence as regards occupation.

Resolved:

That the content of the report and presentation be noted.

9 Smarter Working

The Board received a report of the Director of Transformation and Partnerships which provided an update on Smarter Working (for copy see file of minutes).

The Head of Transformation gave a presentation on Smarter Working, with Members having visited the 'Inspire' offices at Crook around 18 months ago. He reminded the Board that while on site Members had raised questions in terms of: what other sites would have works similar to Crook; what work was being undertaken with staff to help the work differently; and what the reasons were behind the changes taking place.

The Head of Transformation noted the wider transformation objectives were: to redesign our services from the outside in, meeting customer needs at a reduced cost to the Council; to help our communities to be resilient and self-reliant; to move our partnerships from good to great; to become renowned for our skilled and flexible workforce and our employee engagement.

He added that the focus on a flexible and skilled workforce would help increase productivity. He reminded Members of the process undertake by Price Waterhouse Cooper around two and a half years ago, looking at how work could be done differently. Members were referred to a Venn diagram highlighting the areas of overlap of 'Inspiring People'; 'Inspiring Places'; and 'Inspiring Change'. It was explained the common overlap between all three was 'Smarter Working'.

The Head of Transformation noted the key features in terms of ‘Inspiring Places’ included: developing the smaller, more efficient headquarters in Durham City; redevelopment of Aykley Heads for jobs and investment; relocating staff to the headquarters and other strategic sites; consolidating the Council’s property portfolio; reducing desk ratios to a common 7:10 standard; refurbishment works at four strategic sites, Crook, Green Lane, Spectrum 8 and Meadowfield Depot; and smarter working and cultural change by design. The Board noted the use of off-site storage, where appropriate, and record retention to ensure documents that were no longer required were disposed of correctly.

The Head of Transformation noted that in designing spaces there was the need to factor different types of activities, for example having private areas to enable sensitive telephone calls, and this was very important. He gave an update on the ongoing works at the four strategic sites and the timetable in terms of the new headquarters in Durham City.

The Head of Transformation explained that in order to deliver a ‘culture of excellence’ then simply having new buildings would not necessarily lead to changing and improving ways of working. He noted that accordingly, there needed to be culture change, based on a baseline position being established, a list of actions required to improve and a process of measuring the results to ensure what was being done was working. He added that the action plans that would drive the change were known as Team Agreements.

The Head of Transformation noted that change would also be driven by legislation and would provide opportunities to review business processes to look for improvements. He added that new technology and workspace would also allow, in some cases, the opportunity to go back to ‘first principles’ when looking at how we could make processes more efficient and effective for our end users. The Board noted the ongoing Business Process Reviews, being undertaken using the lean six sigma approach: define, measure, analyse; improve; control (DMAIC). The Head of Transformation explained as regards digital upskilling which in turn helped to enable mobile and more flexible working, not just through corporate training programmes, but also through needs identified by teams themselves. He added that Human Resources policies would be changed and updated to help support employees in being able to work flexibly and efficiently.

Councillor F Tinsley left the meeting at 11.41am

The Chair thanked the Head of Transformation and noted the 200 ‘businesses’ within the Authority made it complex in terms of transformation. The Head of Transformation noted he would encourage Members to take the opportunity to visit refurbished offices and to speak to staff to get a flavour of the work and changes being undertaken.

He added that how spaces were being utilised for work and meetings were changing, an example being at the Green Lane offices with options being looked at for ‘pods’ to allow meetings to be quicker and easier. The Chair noted the offer in respect of visiting newly renovated offices.

Councillor H Smith asked what was meant by the term ‘value engineering’. The Head of Transformation noted this was a construction term, with a design having an associated cost which could then be made cheaper through different materials or processes being used.

Councillor E Scott noted that Members needed to be mobile and flexible in how they worked and added she was not aware of Members’ input into the process and believed they should be offered that opportunity. The Chair noted that as part of broader Overview and Scrutiny training for 2021 such issues would be looked at. The Head of Transformation noted that training could be included, perhaps within the Member Development Programme, on moving to new working environments and utilising new working practises.

Councillor L Maddison asked how we digitally protected lone workers. The Head of Transformation noted a number of options, including a feature available on work mobile phones, and explained that protocols on this would be developed within Team Agreements. Councillor L Maddison asked as regards a situation where a member of staff was ill in transit. The Head of Transformation noted that this was another issue that could be incorporated within Team Agreements, though the normal processes as regards sickness would need to be followed.

Resolved:

That the content of the report and presentation be noted.

10 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, Jackie Graham informed the Board that the following were new to the plan:

- To agree the Draft County Durham Vision
- New Development Merchant Park
- Habitats Regulations Assessment Developer guidance and Requirements in County Durham

Resolved:

That the content of the report be noted.

11 Information Update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Director of Transformation and Partnerships which provided an information update of Overview and Scrutiny activity from 21 June 2019 to September 2019 (for copy see file of minutes).

Resolved:

That the content of the report be noted.