

DURHAM COUNTY COUNCIL

At a Remote Meeting of **Corporate Overview and Scrutiny Management Board** held via Microsoft Teams on **Thursday 29 October 2020 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors E Adam, R Bell, D Boyes, J Chaplow, M Clarke, A Hopgood, P Jopling, B Kellett, H Liddle, L Maddison, J Makepeace, R Manchester, C Martin, O Milburn, J Robinson, A Savory, A Shield, H Smith, F Tinsley, J Turnbull and M Wilkes

Apologies:

Apologies for absence were received from Councillors A Batey, C Potts and A Willis

1 Apologies for Absence

Apologies for absence were received from Councillors C Potts and A Willis.

2 Substitute Members

There were no substitutes.

3 Minutes of the meeting held on 19 June 2020

The minutes of the meeting held on 19 June 2020 were confirmed as a correct record and signed by the Chairman.

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

The Management Board considered two reports of the Head of Legal and Democratic Services which informed members about the use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) during quarters 4 2019/20 and quarters 1 and 2 2020/21, 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).

Councillor Clarke commented that he did have some concerns if criminal elements thought that less monitoring was taking place. The Governance Solicitor

emphasised that non RIPA techniques had still taken place during the pandemic for investigatory work not requiring authorisation.

Councillor Boyes raised a query with regard to licensed premises and asked who was responsible for ensuring that COVID-secure guidelines were being followed. The Governance Solicitor explained that enforcement powers were delegated to officers within Trading Standards.

Resolved:

- (i) That the quarterly report on the Council's use of RIPA for the periods 1 January 2019 to 31 March 2020, 1 April to 30 June 2020 and 1 July to 30 September 2020 be noted.
- (ii) That the powers are being used consistently with the Council's policy and that the policy remains fit for purpose.

6 Budget 2021/22 and Medium Term Financial Plan (11) 2021/22 to 2024/25

The Management Board considered a report of the Corporate Director of Resources which provided an update on the development of the 2021/22 budget and Medium Term Financial Plan (MTFP(11)) and the proposed approach to scrutiny of the budget (for copy see file of Minutes).

The Head of Corporate Finance provided a comprehensive report detailing the executive summary and the review of the MTFP Model including information on the Revenue Support Grant and Fair Funding Review, New Homes Bonus, Council Tax and Business Rates Tax Base increases and Adult and Children Services Pressures. He further provided details of the council's savings forecast for 2021/22 and details on the MTFP(11) 2021/22 to 2024/25.

Councillor R Bell noted that the timing of meetings was a perennial problem due to late settlements received from central government. He asked if information could be provided to the December Cabinet meeting or if the settlement is received on the 25th of November could be circulated in December. This would prove useful from both a scrutiny and an opposition point of view. He went on to comment that in his opinion, the business rates system was broken. Whilst some businesses had done well during the pandemic others had not and many shops had closed. City centre offices were being vacated due to the move to working from home. It was therefore his view that giving more share of a broken system to councils would be a very bad thing, and therefore asked for the Head of Corporate Finance's thoughts on this matter and asked whether any external organisations such as the LGA were raising this with government.

As a point of clarification, the Head of Corporate Finance advised the local government finance settlement would not be received until at least mid-December or later. The information received on the 25th of November, would be the Comprehensive Spending Review which would advise at a high level what government was doing in terms of local government. It was therefore expected that the December cabinet report would provide a full analysis of the Comprehensive Spending Review and what the impact might be on local government going forward.

With regard to the comments made relating to the business rates system, he noted that this was being discussed widely and the impact such has upon government funding. He stated that in his opinion local government should be mainly funded from government grants given the need for a level of certainty on funding because of major pressures such as protecting vulnerable people. Further information on this would come out during the government's review.

Further discussion took place regarding the forthcoming Select Committee review into local government finance and the impact of COVID-19 on authorities. The Head of Corporate Finance advised that the 12 regional north east councils were in discussions regarding this matter and would be feeding back to central government.

Councillor Tinsley raised several points, including his concerns that nothing had been factored into the budget around the long-term impact of COVID-19 and the impact of Brexit on regional economies. He noted that things had changed fundamentally from where we were even a year ago and questioned how this could be incorporated into the model. He added that because of the degree of uncertainty on these two issues that the concept of doing this process was reaching a point where it was rendered essentially pointless. He further commented that he felt that because of the uncertainties, the budget shortfall of £42.7 million could be much larger.

In response the Head of Corporate Finance advised that the size of the challenge faced was an unknown. If councils were faced with savings in excess of £80 million pounds the level of savings required would not be sustainable to provide essential services. Therefore, the estimate of £42 million was hoped to be the worst case and planning had been undertaken on that basis. He further commented that it was hoped that the government recognised the pressures that local government was under and further changes may be seen in respect of council tax referendum limits. In conclusion he added that as Councillor Tinsley said it was very difficult to plan right now but that did not negate the importance of planning for what may happen. By planning well during the years of austerity the financial strength of the council had been built to ensure that the financial challenges ahead could be overcome.

Councillor Jopling referred to the imminent savings required in 2021/22 and asked whether this would be achieved through staff savings. The Head of Corporate Finance advised that the council were constantly reviewing areas where savings could be achieved, however savings of that magnitude could not be achieved without some impact upon staffing. It was the council's aspiration that where possible the Budget Support Reserve would be used to help plug the funding shortfall.

In response to a question from Councillor Hopgood regarding AAP Budget Consultation and the level of information provided to the public, the Head of Corporate Finance advised that he agreed that further detail could be provided to help the general public better understand the pressures faced. Councillor Hopgood further noted that at the beginning of the pandemic local authorities were told to do whatever was necessary and that funding would be provided. She felt this needed to be reflected in the budget to demonstrate the shortfall to government. The Head

of Corporate Finance advised that until the year end the full cost of the pandemic to the council would be unknown. At this stage, he was estimating an approximate shortfall of £20 million after government funding had been received.

Councillor Shield noted that he too shared the concerns regarding the delays and uncertainties faced, however he appreciated the strong financial position the council was in compared with other councils facing huge budget deficits. He went on to ask about the number of staff lost during the previous 10-year period. In addition, he asked that a balanced report be provided as there were some positive aspects to be reported and potential improvements the council planned to make. He referred to the way in which this had been carried out at the Derwent Valley AAP event which had been well received and was welcomed. He went on to ask for clarity regarding the savings shortfall and further asked whether it was known what the associated savings were, if any, as a result of staff working from home.

In response the Head of Corporate Finance advised that the 20,000 employees figure quoted in terms of council employment included approximately 10,000 staff based in schools, so the 30% reduction was against the 10,000 council-based employees.

With regard to the uplifting element to the budget, he highlighted some of the significant investments expected next year including highways, welfare, clean and green and climate change. The council also continued to heavily invest in the council's capital programme so whilst recognising Councillor Shield's point, the council was still committed to spending £1.1 billion of revenue and about £400 million of capital on investments and services in the county. With regard to the target of £7 million savings agreed in MTFP 9 and MTFP 10 an additional £42.7 million more was required to reach the £49 million target for MTFP 11.

With regards to Councillor Shield's query on savings from staff working at home, he advised there were some areas where savings achieved would help offset the COVID-19 budget shortfall and these underspends were reported in the forecast outturn reports. It was noted that this way of working was expected to be normal in the future and was always the intention once the new Headquarters was occupied.

Councillor Martin commented that it was excellent that the council had been building reserves during austerity as a safety net. He commented that if the council tax referendum limit is removed the council needs to ensure that those reserves were utilised before putting additional pressures on the taxpayer as many people were struggling.

The Head of Corporate Finance advised that he was aware that the reserve position was always a moot point, however members may have noted that in the quarter one forecast, the council were forecasting in this year that reserves would fall by £50 million, which is to be expected due to the use of earmarked reserves.

He explained that at a time of crisis like the country is facing it was the reason why it was so important for councils to hold reserves. Reserves enable a council to prevent frontline services being disrupted if it isn't getting support from government at the level expected,

Councillor Crute echoed those comments noting that those councils who followed the government's advice to use reserves to meet budget shortfalls during austerity were those on the brink of collapse, whereas, those councils like Durham who followed the advice of CiPFA and maintained a measured and prudential control on budget and reserves were the other ones who were still standing.

The Head of Corporate Finance stated that reports to Cabinet and Council in the coming weeks and months would set out how the Council intend to continue with the local council tax reduction scheme. He added that 95% of councils in the country have reduced the support they give whereas we are maintaining our current position to support people pay their council tax.

Councillor Wilkes added that he had some concerns around one or more of the more conservative calculations in the budget, for example, not including any increase in the council tax base and the potential impact this could have in terms of pressure on services when it may not be required.

He added that he appreciated the pressures that COVID-19 had placed on the budget, but the government had committed to honour the COVID-19 funding gap and ultimately, they were in a position to give local councils the assistance it needed. He went on to note that the largest part of the budget was for adult and children services, which contained most of the statutory services the council provided so there was limited scope to make efficiencies in those areas. As a result, this meant that areas like the neighbourhood's budgets, which the public saw as frontline services were affected. He added that he would rather use reserves to protect those areas. He felt that scrutiny should urge cabinet to do everything they can to hold back as long as possible on impacts to frontline services, to reassure and protect the public, the council and its employees.

In response the Head of Corporate Finance added that he fully supported the final points shared by Councillor Wilkes and noted that the council has always and will continue to seek to protect frontline services. Regarding the council tax base, he noted the council had started building into forecasts each year an additional 500 houses would be built every year in the County. This year, as a result of COVID-19 the tax base was lower than what was set at the start of the year and a result there was a forecasted £5 million deficit on the collection, mainly due to an increase in take up of local council tax benefit because many people had lost their jobs. Moving into next year he noted the concerns remained as at this time the full impact of the furlough scheme falling away had not been felt and this may result in a surge of claims coming forward.

Resolved:

- (a) That the October Cabinet report on the MTFP (11) 2021/22 to 2024/25 be noted and comments made be reported to Cabinet.
- (b) That the timetable for scrutiny discussions be noted.

7 Quarter One, 2020/21 Performance Management Report

The Management Board considered a report of the Corporate Director of Resources which presented progress towards achieving key outcomes of the council's corporate performance framework (for copy see file of Minutes).

The Head of Strategy explained that the report was structured around the three externally focused results-based ambitions of the County Durham Vision 2035, More and Better Jobs, Long and Independent Lives, Connected Communities and a fourth 'Excellent Council' theme. The report further detailed the impact of COVID-19 on council services, staff and residents.

Councillor Robinson commented that the details reported in paragraphs 43 and 44 of the report relating to the lack of take up for free school meals was alarming and noted that there had been an unbelievable response to the holiday hunger programme run across the County. He did however query the decision reported on the bid for DFE funding for the Holiday Activity with Food Programme as he had received contrary information from the local MP.

In response the Head of Strategy advised that this was a retrospective report and the council had been unsuccessful in their funding bid over the summer period. With regard to the lack of take up, she advised that the Children and Young People's Overview and Scrutiny Committee would provide a response on this.

Councillor Wilkes raised a query on ref 104 the number of empty properties, noting that whilst staffing had been increased in line with a previous motion approved by council, posts had not been renewed and the service now had less staff than when the motion was passed. He therefore asked why this had happened and requested that Economy and Enterprise Overview and Scrutiny Committee look at the matter. The Chair suggested he should raise the issue initially with the relevant portfolio holder.

Discussion then took place regarding staff appraisals and welfare checks following a query from Councillor Hopgood on the frequency as the relevant data was not provided within the report. The Head of Strategy advised that regular data on appraisals would be included in future performance reports, however noted that COVID-19 had led to disruption of the appraisals system. She added that the Head of People and Talent Management had done a lot of work on staff wellbeing and support to managers managing staff who were working remotely.

Councillor Boyes noted that there was a lot of emphasis in the report on 18 to 24 year olds, and given past experience, he felt that it was crucial as a council to support this age group because the county was facing big problems with unemployment and mental health issues. In addition, he referenced the data on reoffenders and noted it appeared to indicate there was a hardcore group of young people where divergent activities seemed not to work for them anymore. He suggested this was something which the council needed to remain aware of.

Councillor Tinsley commented that building on earlier discussions, Business Durham were going to be increasingly important in terms of helping businesses and

young people to move into employment over the next 10 years and he felt that the council should be looking at how this could be expanded.

Councillor Smith commented that she was pleased that this council had been proactive in offering free school meals when the government had let those families down. She added her thanks to all those local businesses who had helped provide meals to families in need. She also indicated that the Children and Young People's Overview and Scrutiny Committee were planning some work around free school meals.

Councillor Maddison raised a query regarding youth unemployment, noting that this was a huge issue across the country. She noted that the government announced the new £2 billion Kickstart scheme in August 2020 aimed at young people who were in receipt of Universal Credit and queried how much of that funding had been allocated to County Durham, given that there were over 5000 young people claiming Universal Credit. She further asked whether that funding had encouraged employers to try and attract young people into their businesses.

In response the Head of Strategy advised that the Council via Business Durham is acting as a hub for applications for the Kickstart Scheme. In terms of the amount of funding allocated it was noted applications were made for a share of a grant. Business Durham was acting as the facilitator for the Scheme. It was noted that further information regarding Kickstart would be discussed at Economy and Enterprise Overview and Scrutiny Committee tomorrow.

Resolved:

That the content of the report be noted.

8 Resources - Quarter 1 June 2020: Forecast of Revenue and Capital Outturn 2020/21

The Management Board considered a report of the Corporate Director of Resources which provided details of the forecast revenue and capital outturn budget position for the Resources service grouping, highlighting major variances in comparison with the budget based on the position to the end of June 2020 (for copy see file of Minutes).

The Finance Manager, Resources reported that the council had faced significant additional costs in relation to the COVID-19 outbreak and a significant loss of income had been seen within this service grouping. He noted that it continued to be an extremely challenging time however, regular contact was maintained with budget managers and this had been found to be working well.

Councillor Wilkes commented that whilst the savings made were welcomed, he noted the significant savings made on employees and questioned whether this would ultimately place more pressure on remaining employees. He therefore asked that assurances were given that personal development of remaining employees was ongoing across all services.

In response the Finance Manager advised that due to the ongoing COVID-19 pandemic there had been an initial delay in recruiting into new posts, however virtual recruitment now meant that those posts which were to be filled were being actively recruited to, whilst acknowledging that some of those posts identified were planned MTFP savings.

Resolved:

That the forecast of outturn position be noted.

9 Overview and Scrutiny Annual Report 2019/20

The Management Board considered a report of the Corporate Director of Resources which presented for comment and approval, the Overview and Scrutiny Annual Report 2019/20 prior to its submission to the County Council meeting on 2 December 2020 (for copy see file of Minutes).

Councillor Martin commented that he wished to table his objection to the statement in the report regarding scrutiny being led by independent governors. He commented that all chairs and vice chairs of scrutiny were of the same political grouping that led the council, and that in his opinion, this was not independent. Furthermore, he added that he had hoped that the new statutory guidance on scrutiny arrangements may have led to a review of the council's scrutiny arrangements.

In response Councillor Crute advised the report on the statutory scrutiny guidance had been before the Constitution Working Group as had this issue, which was raised on an annual basis. He added that all scrutiny chairs and vice chairs were independently minded, regardless of the party they were affiliated with, however his comments had been noted.

Councillor Wilkes thanked officers for their work in pulling the report together whilst acknowledging Councillor Martins' comments. He went on to make reference to COVID-19 related issues in care homes, and noted that in terms of the work programme, scrutiny were yet to see anything on any of the agendas in respect of reviewing what happened in County Durham and the way in which the council approached the issue. He added that it greatly concerned him that this topic had not been included in the work programme and that as the county fell into a worse situation again with rising COVID-19 infections, he felt that this needed to be reviewed urgently before further problems started to arise within the county's care homes.

The Chair noted that Adults Wellbeing and Health Overview and Scrutiny Committee were scheduled to review adult social care at their meeting on 9 November 2020. The Head of Strategy advised that she was happy to amend the report to include this reference to the relevant work programme.

Councillor Hopgood referred to Councillor Temple asking for a review of care homes at the first Adults Wellbeing and Health Overview and Scrutiny Committee held following the start of the pandemic. She further noted that this was not a blame game but something to learn from to avoid it happening again. In relation to

comments made by Councillor Martin she noted that there was a big difference between being independently minded and being an independent governor and the fact remained that the same political group who runs the cabinet also ran the scrutiny of the cabinet.

Councillor Crute added that the comments had been noted.

Councillor Wilkes in referring back to this issue of care homes noted that it was about a perception of being open and transparent and he felt that if the lead party did not have full control then a working party into the care homes issue would have taken place or been ongoing at this time.

Councillor Crute thanked members for their comments and noted again that the topic of care homes was not one for the remit of Management Board and therefore the debate on the matter was concluded.

Resolved:

- (i) That the report be amended to include reference to the issue of Adult Social Care being scheduled for review at the Adults Wellbeing and Health Overview and Scrutiny Committee in November 2020.
- (ii) That the report be agreed and submitted to the County Council meeting.

10 Notice of Key Decisions

The Management 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).

Resolved:

That the content of the report be noted.