

DURHAM COUNTY COUNCIL

At a Remote Meeting of **Corporate Overview and Scrutiny Management Board** held via Microsoft Teams on **Thursday 11 February 2021 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors A Batey (Vice-Chair), E Adam, R Bell, D Boyes, M Clarke, A Hopgood, P Jopling, B Kellett, H Liddle, C Martin, O Milburn, C Potts, A Savory, A Shield, H Smith, F Tinsley, J Turnbull, M Wilkes and A Willis

1 Apologies for Absence

There were no apologies for absence.

2 Substitute Members

There were no substitutes.

3 Declarations of Interest

There were no declarations of interest.

4 Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22

The Board considered a report of the Interim Corporate Director of Resources which provided an update on the Medium Term Financial Plan (MTFP) 2021/22 to 2024/25 and capital programme for consideration and comment prior to consideration by full Council on 24 February 2021 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services provided a detailed update to the Board which provided information regarding ongoing budget pressures and uncertainty regarding government short term funding settlements. Details were also reported in respect of additional pressures faced as result of the Coronavirus pandemic, alongside the unquantified impact of the UK exit from the European Union.

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Regarding the finance settlement, the Head of Corporate Finance and Commercial Services explained that this had been an extremely complex process this year. The lateness of receiving the settlement had placed additional pressures in terms of financial planning and he asked that his thanks and recognition of the work undertaken in developing the MTFP be noted.

Councillor Bell in referencing paragraph 102 of the report asked how the county was coping funding the demographic pressures upon children's social care services. In response the Head of Corporate Finance and Commercial Services advised that the Adult Social Care precept could be utilised to fund other areas where there were major pressures so an element of this funding would support the shortfall in children's social care funding as well as utilising additional social care grant funding.

Councillor Hopgood noted the funding allocated to the Towns and Villages project and expressed the need for this funding to be available to all areas, suggesting that each divisional area in the county should be consulted and given the opportunity to bid for the funding. The Head of Corporate Finance and Commercial Services advised that the comments made would be fed back to the Head of Partnerships and Community Engagement.

Further comments were then made regarding the timing of the information being made available to scrutiny and that some members felt that the late timing of the meeting gave little opportunity for scrutiny to feed back into the budget setting process.

Councillor Clarke made reference to paragraph 6 of the report which highlighted the national deficit following the coronavirus pandemic and the potential impact this may have upon local government, given that this was significantly higher than the deficit seen in 2008 which was followed by 10 years of austerity. He welcomed investment plans, including in libraries, towns and villages and other areas. He added that he wished to thank Councillor Napier, Deputy Leader and Portfolio Holder for Finance for his management of the council's budget and finances during this period. He did however note that it would be good to see some more stability in longer term funding and the fair funding settlement and noted that the government needed to be pushed on these matters.

The Head of Corporate Finance and Commercial Services highlighted that during the previous round of austerity, that 80% of the national deficit of £170 billion was recovered via savings from public sector cuts. He added that it was possible that this time round, recovery may need to rely more heavily on taxation and the outcome of the budget in March would be interesting.

Councillor Boyes added that he wished to congratulate the finance team as each year a balanced budget was presented, with a fully costed capital programme. He further noted that the council's holding of reserves had proved to be the right thing to do as many other councils now faced financial difficulty due to their lack of reserves. He raised a query regarding public health funding and the impact the proposed changes to this funding would have on drug and alcohol rehabilitation programmes and crime. In response the Head of Corporate Finance and Commercial Services added that despite the prospect of the future loss of public health funding it would be massively important to continue the work to address health inequalities.

Councillor Tinsley commented that he too supported the council's approach and shared the feeling that austerity would come back along with the added impact of Brexit. He went on to note that the Core Spending Power in Durham was equal to £180 per household less than the national average which was alarming when compared with other areas of the country and it would be important to continue to lobby government on a fair funding review. He further added that he felt that the Council Tax proposal for County Durham was a triumph due to prudent financial management. He did note that there was still a number of areas where funding from government was uncertain, and made specific reference to additional costs due to the coronavirus pandemic to be incurred for the upcoming elections.

In response the Head of Corporate Finance and Commercial Services advised there was to be an additional £90 million of funding to be made available by government, however it was unknown at this stage what the county's allocation would be, however the council would incur any costs over and above the funding received to ensure staff and public safety.

With regard to cash limits and the council's reserves policy, Councillor Martin noted that all departments were under increasing pressures and he queried whether the council was unintentionally causing more pressures by diverting funds to other areas. In response the Head of Corporate Finance and Commercial Services advised that the council would receive additional COVID funding of £15 million although it was impossible to say at this point if this funding would suffice. The council however would incur any costs over and above the funding received to ensure staff and public safety.

Councillor Wilkes added his thanks to the Head of Corporate Finance and Commercial Services and his team for their work on the budget. He went on

to raise a query regarding schools' maintenance, noting that £5.4 million would be received from government, but the council did not have any additional funding allocated to support these works. He added that this caused concern given the backlog of repairs needed across the county and therefore suggested that in his view cabinet should be asked to review this and allocate an appropriate sum.

Councillor Wilkes went on to make reference to the Adult Social Care aspect of council tax and asked that if this portion of the council tax could be allocated to other budget areas why the council was then saying that they needed additional funding. He suggested therefore that the council could have deferred the 1% increase imposed until next year. In response the Head of Corporate Finance and Commercial Services advised that he felt the budget position presented was a balanced one.

Councillor Jopling asked if it known when furlough payments would be received from government and where this was reflected in the budget. The Head of Corporate Finance and Commercial Services commented that in year there was a forecast £10 to20 million shortfall in government funding in relation to the pandemic .

In summing up the Head of Strategy noted the Boards comments and general support of the MTFP assumptions which would be forwarded to Cabinet for their consideration, which included:

- Concerns regarding Fair Funding Review.
- Public Health funding and the potential impact on drug and alcohol services.
- Investment into Towns and Villages programme should ensure that every community had the opportunity to bid, and that all divisions should be consulted. Including, a focus on need (further work to be undertaken by the Economy and Enterprise Overview and Scrutiny Committee)
- Concerns regarding delays and the timing of government announcements impacting upon scrutiny timing.
- Impacts of receiving short term settlements and concerns regarding ongoing austerity, base budget pressures in relation to adult and childrens social care, and the need to lobby government on the core spending power aspect of government funding.
- Welcoming of investment plans, but concern about lack of long-term certainty regarding funding settlements.
- Uncertainty regarding funding allocation for upcoming elections and the importance of extra investment to ensure local elections are conducted safely.
- Concerns regarding school maintenance funding and the level of local funding allocated.

Resolved:

That the Board consider and note the contents of the report and that comments received be forwarded to Council for consideration at its meeting on 24 February 2021.