

DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At a Meeting of **Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Monday 17 February 2014 at 9.30 am**

Present:

Councillor J Armstrong in the Chair

Members of the Committee:

Councillors R Bell, J Blakey, A Bonner, D Boyes, J Chaplow, R Crute, B Graham, D Hall, P Lawton, J Lethbridge, N Martin (substitute for A Hopgood), C Potts, A Shield, M Simmons, R Todd, J Turnbull, S Wilson

Co-opted Members:

Mr A J Cooke and Mr D Kinch

Also Present:

Councillors G Bleasdale, J Shuttleworth, T Smith and L Taylor

1 Apologies for Absence

Apologies for absence were received from Councillors B Alderson, L Armstrong, K Henig, E Murphy and Revd K Phipps.

2 Substitute Members

Councillor N Martin substitute for Councillor A Hopgood.

3 Minutes

The minutes of the meetings held on the 22 November 2013 and 27 January 2014 were confirmed as a correct record and signed by the Chairman.

The Head of Planning and Performance referred to item 6 of the minutes of the meeting held on 22 November 2013 and advised that the Chairman had been provided with the figures for temporary staff employed by the Council.

In relation to item 7, the Head of Planning and Performance informed the Committee that a report on youth unemployment and migration levels would be reported to Overview and Scrutiny Management Board in April.

With reference to the percentage of people absent from work longer than 12 months, the Head of Planning and Performance confirmed that it would be considered as part of the refresh of the performance indicator basket.

With reference to the passenger journeys made on the Link2 service, the Head of Planning and Performance advised that Mr Kinch had been provided with the figures.

The Head of Planning and Performance referred to Item 5 from the minutes of the meeting held on 27 January 2014 and advised that Councillor Hopgood had now been included in the Customer First Strategy review process.

4 Declarations of interest

Mr Kinch declared an interest in Item No. 10 on the Review of Overview and Scrutiny Co-optee Arrangements.

5 Any items from Co-opted members or interested parties

There were no items from Co-opted members or interested parties.

6 General Fund Medium Term Financial Plan, 2014/15 to 2016/17 and Revenue and Capital Budget 2014/15

The Board considered a report of the Assistant Chief Executive which informed members of Overview and Scrutiny Management Board and Corporate Issues Overview and Scrutiny Committee of the Cabinet report (12 February 2014) that provided comprehensive financial information to enable Cabinet to agree a 2014/15 balanced revenue budget, an outline Medium Term Financial Plan (MTFP 4) for 2014/15 to 2016/17 and a fully funded capital programme for recommendation to the County Council meeting on 26 February 2014 (for copy see file of minutes).

The Head of Finance informed the Board that the Council had faced unprecedented reductions in Government grants since the 2010 Comprehensive Spending Review (CSR) when the expectation for local government was a 28% reduction in Government grant for the MTFP (1) period 2011/12 to 2014/15. Since that time the majority of the Chancellor's announcements in the annual March Budget and Autumn Statements had included additional savings requirements for local government culminating in the 2015/16 spending round announcement of June 2013 which detailed an additional 10% funding reduction in 2015/16. It was now forecast that Government grant to local government will have reduced by over 40% by the end of 2015/16.

The Chancellor of the Exchequer had also announced the need for a further £25bn of public expenditure reductions for 2016/17 and 2017/18. With £12bn expected to be found from Welfare budgets, £13bn would need to be found from Government Departmental budgets. It was expected that Health, Education and Aid budgets would continue to be protected resulting in increased pressure upon the remaining Government Departments. It was forecast that Government grant reductions for local government in 2016/17 and 2017/18 would be of similar magnitude to those of 2014/15 and 2015/16.

Overall it was now forecast that the council would need to save £224m over the 2011 to 2017 period. A sum of £113.9m of savings would have been realised by the end of 2013/14 resulting in a £110.1m savings requirement for the three year MTFP (4) period 2014/15 to 2016/17. The 2014/15 budget required savings of £23m to be delivered to achieve a net budget requirement of £438.672m.

The Head of Finance further highlighted key issues relating to:

- Government Grant Reductions
- Business Rate and Council Tax Support Schemes
- 2014/15 and 2015/16 Settlement
- Spending Power
- MTFP Strategy
- Chairman and Vice-Chairman Expenses
- Financial Reserves
- Capital Grant Allocation / Additional Capital Schemes
- Key Findings and Next Steps

The Chairman advised that the Medium Term Financial Plan had been considered at Corporate Issues Overview and Scrutiny in July, September, October, November 2013 and January 2014 and an extensive amount of work had been carried out which would be debated at County Council on 26 February 2014.

Cllr Shuttleworth queried why the level of general reserve was being increased from 4% to between 5% and 7.5% and expressed concern that an increased level of general reserve was not only bad in terms of public perception but could also result in some form of intervention by central government.

The Head of Finance commented that the General Reserve currently stood around £26m, with an upper limit of £33m. The Council faced newer, significant risks which included the Local Council Tax Support Scheme, the relief given on empty properties and backdated appeals against business rate valuations. These were financial consequences that the County Council had never had to deal with before. Under such circumstances, it was not deemed unreasonable to increase the level of general reserve in the short term. The Head of Finance also commented that during the last 3 years, the level of all reserves had broadly remained unchanged.

Councillor R Bell asked for information about any grants that were outstanding at the last meeting and queried the highways maintenance grant allocation.

The Head of Finance reported that the Special Educational Needs Grant and Adoption Grants had been received since the last meeting and were broadly in line with expectations.

In term of the highways maintenance grant the Head of Finance informed that this was announced in February 2013. In 2014/15 an additional £0.77m was received in this area and had been included within MTFP3.

Councillor Martin advised that the figures presented for CAS Schools Devolved Capital and CAS Free School Meals Support on page 95 of the report had produced incorrect totals and would need to be amended before it was considered by the County Council on the 26 February. Councillor Martin also queried the free school meals support grant and commented that the Council had invested much capital into school kitchens over the last few years bringing them up to standard. He queried which primary schools were still outstanding and suggested that a table detailing where the money was being spent would be helpful.

Councillor Martin also referred to the large consultation exercise carried out through the Area Action Partnerships and queried what changes had been made to the Cabinet's budget that had been directly affected by the consultation.

Councillor Armstrong commented that the feedback received through the AAP events and budgetary exercise had indicated that residents were not be opposed to a small council tax increase in order to reduce the severity of further savings.

Councillor Martin queried the lack of any reference to the effect of any new businesses being built in, and referred to Hitachi at Newton Aycliffe, which would be worth a lot of money in terms of business rates. Councillor Martin also queried if the Council should have more intelligence on the number of houses being built and referred to a recent development in his Electoral Division.

The Head of Finance informed the Committee that the Council now had a Business Rates Advisory Group (BRAG) which consisted of staff from teams such as assets, planning, and highways. This Group are ensuring that intelligence is passed onto the Council's business rates team in order for them to compile a full list of business development within the next 12 months for example the new Tesco development at Consett and potential new development at Stanley. The Council also had to be mindful of business rates appeals which could be backdated to the last valuation in 2010. Empty property relief also had to be filtered into the equation. In terms of the Council Tax base increases the Council had to submit a CTB1 form in September and the Council acted prudently in terms of the Council Tax Base and the New Homes Bonus increases.

Councillor Shield referred to page 94 of the report and asked for clarification regarding the Neighbourhood Budget increase.

Councillor Boyes referred to the potential capping of Council Tax increases for local authorities and sought clarification as to whether the capping would apply to Town and Parish Councils. Councillor Boyes also referred to school places at Easington Village Primary School and thought that some form of Section 106 money had been made available towards provision.

The Head of Finance commented that Town and Parish Councils would not be subject to the capping and referendum limits in 2014/15 as had been intimated by Central Government, although there was a possibility that they may be subject to this regime in future years.

The Head of Finance was not aware of Section 106 funding in relation to Easington Village Primary School and would check the detail with Children and Adults Services.

Councillor R Bell referred to the issue of the unfairness of certain funding methodology. He had read a related ANEC presentation and didn't disagree with it. In light of this Councillor Bell asked the Chairman if it was something that could be looked at through scrutiny on a cross-party basis to enable to the Council to make further representations.

Resolved:

- i) That the contents of the Cabinet report of 12 February 2014 be noted and commented upon, prior to full Council on 26 February 2014.
- ii) That final suggestions be put forward as part of the scrutiny response to Council on 26 February 2014 with the Chair of OSMB being charged with reporting the response to Council.

7 Implications for Durham County Council of the Government's Policy Programme

The Board considered a report of the Assistant Chief Executive that provided an update on the implications of the Government's policy programme, major policy developments and announcements and provided an analysis of the implications for the Council and County Durham (for copy see file of minutes).

The Head of Policy and Communication highlighted the most significant announcements since the last report to Members which relate to the following:-

- Local government finance;
- Autumn statement;
- Universal Credit;
- Individual electoral registration;
- Community budgets;
- The Census;
- Openness, transparency and accountability;
- Parish councils;
- National Industrial Strategy;
- Witty Review of Universities and Growth;
- National Planning Practice Guidance;
- Planning Guidance Portal;
- Community Infrastructure Levy;
- Social Housing Rent Policy;
- North East Local Enterprise Partnership (NELEP) European Strategy;
- North East Combined Authority;
- Rural Growth Network Pilots;
- Regional Growth Fund Round 5;
- NHS reform;
- Care and support reform;

- Integration of Health and Social Care;
- Transforming rehabilitation;
- National curriculum reform;
- Qualifications;
- Special educational needs (SEN) reform;
- Single Inspection Framework for children in need of help and protection, children looked after and care leavers;
- Early education places.

Councillor N Martin raised concerns as to how Individual Electoral Registration would affect the larger communal establishments such as Universities and how late applications could cause added pressure on the elections team. The Head of Policy and Communications advised that a Members seminar on the new Electoral Registration system was scheduled for April 2014 where any concerns would be addressed.

Resolved:

That the information contained in the report and the actions taken to anticipate and respond to the government's reforms be noted.

8 Welfare Reform Update

The Board considered a joint report of the Assistant Chief Executive, Corporate Director, Resources and Corporate Director, Regeneration and Economic Development which provided details on the impacts of welfare reform and aimed to use this understanding to further enhance the council's support to the affected households in County Durham (for copy see file of minutes).

The current changes to the welfare reform system are amongst the most significant for over a generation. The government believes that by amending the present system it will be able to encourage more people back into work, reducing dependency on welfare and achieving over £15 billion savings per year by 2015/16.

It is estimated that approximately 95,000 households within County Durham will be affected by one or more of the elements from the Welfare Reform Act. The Government have now confirmed that the flagship policy change of Universal Credit, which replaces six existing benefits with a new single payment, has been delayed and will not be in place for the North East before 2016.

In response to a question from Councillor R Bell in relation to the additional £10,000 funding for AAP's, the Head of Policy and Communications advised that the grant would be a one-off payment for this year only which would be funded from revenue income to top up existing projects or fund new ones within the area.

Councillor T Smith expressed concern regarding how the 8 million people who are not online apply for universal credit. The Head of Policy and Communications responded that Local Authorities have local support frameworks and initiatives under development to assist people with the application process and are working closely with government and partners to ensure people do not lose out.

Resolved:

That the information contained in the report be noted.

9 County Durham Partnership Update

The Board considered a report of the Assistant Chief Executive that provided an update on issues being addressed by the County Durham Partnership (CDP) including summaries from the Board, the five Thematic Partnerships and all Area Action Partnerships (AAPs). The report also includes updates on other key initiatives being carried out in partnership across the County (for copy see file of minutes).

The Principal Partnerships and Local Councils Officer reported that the Participatory Budgeting events attracted a wide range of people facilitated via the AAP autumn forums and saw support from partners and a range of services from within the council as well as AAP board members. 10,693 people cast their votes for local projects that will shape the work of the AAPs in 2014/15. Almost 1,300 people took part in one of the 270 budget consultation sessions that took place.

Resolved:

That the information contained in the report be noted.

10 Review of Overview and Scrutiny Co-optee Arrangements

The Board considered a report of the Assistant Chief Executive which proposed to review the Council's Overview and Scrutiny Committee non-voting co-optee arrangements (for copy see file of minutes).

Resolved:

- i) That the review of the current non-voting co-optee arrangements be agreed
- ii) That a further report outlining proposals for the review of the non-voting co-optee appointment arrangement be received at the next meeting
- iii) That an extension of the current non-voting co-optee terms of office until the Annual Council meeting on 21 May 2014 be agreed.

11 Notice of Key Decisions

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

The Head of Planning and Performance reported that since the last update there had been some movement in items being considered at the Cabinet meetings in January and February 2014 relating to:-

- Durham City Masterplan – now scheduled for Cabinet in April 2014
- Update on Auckland Castle and Bondgate – has been moved from February and the date to be confirmed

- Parking Strategy – moved from February to Cabinet in July 2014, the report is to include CCTV and blue badge enforcement and was postponed due to new legislation on CCTV
- County Durham Plan – has been added to Cabinet in March 2014
- Fixed Play – has been removed from the notice as they will be consulting further with Town and Parish Councils before the report goes to Cabinet
- Review of Garden Waste – now scheduled for Cabinet in March 2014.

Resolved:

That the information contained in the report be noted.

12 Information update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Assistant Chief Executive which provided an update of overview and scrutiny activity between November 2013 and February 2014 (for copy see file of minutes).

Resolved:

That the information contained in the report be noted.

13 Update in relation to Petitions

The Board considered a report of the Head of Legal and Democratic Services which provided an update on the current situation regarding various petitions received by the Authority (for copy see file of minutes).

The Head of Planning and Performance reported that since the last update, 5 new paper petitions had been received and 10 had completed the process. There was an e-petition live on the website regarding potential badger culling which was due to run until the end of March, to date 63 had signed up.

Resolved:

That the information contained in the report be noted.