

DURHAM COUNTY COUNCIL

CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of **Corporate Issues Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Friday 19 September 2014 at 9.30 am**

Present:

Councillor J Lethbridge (Chairman)

Members of the Committee:

Councillors J Alvey, L Armstrong, G Bleasdale, J Buckham, K Henig (Vice-Chairman), E Huntington, N Martin, A Shield, T Smith, P Stradling, L Taylor, M Wilkes, S Wilson and R Young

1 Apologies for Absence.

Councillors J Armstrong and J Hillary.

2 Substitute Members.

There were no substitute Members.

3 Declarations of Interest, if any.

There were no declarations of interest.

4 Minutes of the meeting held 7 July 2014.

The minutes of the meeting held on 7 July were confirmed as a correct record and signed by the Chairman with the following amendment.

Paragraph 8 of page 4, Item 7; to remove the word mediated to read 'Further discussion took place regarding the CRM system and Councillor Henig commented that she felt it made a lot of sense to share the CRM information with members on a regular basis or allow access to the system so it could be viewed directly.'

Paragraph 9 of page 5, Item 8; as a point of clarification Councillor Smith advised that this particular point was made in reference to new supplier inductions and training.

Matters arising

The Head of Planning and Performance referred to Item 6 of the minutes and advised that Councillor Wilkes had now been provided with the information he had requested on the breakdown of sickness absence.

Moving on it was reported that in relation to Item 7 page 4, paragraph 5 and 6 a response had now been provided by the service and it was noted that they were able to do some

geographical mapping by AAP area of complaints. It was noted however that the service were unable to provide CRM issues by ward as this was currently too resource intensive.

The Head of Planning and Performance referred to Item 8 of page 5, paragraph 7 and advised that the information requested regarding the current percentage of invoicing had now been provided to Councillor Wilkes.

In response to the information regarding the circulation of CRM data, Councillor Wilkes commented that he failed to see how running of this data was resource intensive and in order to improve this council, elected members should be provided with this information at least once every 6 months.

Further discussion took place regarding this particular issue and an explanation was provided by the Customer Relations, Policy and Performance Manager regarding not only the quality of the data but of the resource required to enable this information to be presented. Councillor Stradling asked that the results of the investigation in to this query be brought back to a future meeting.

5 Council's use of powers under Regulation of Investigatory Powers Act 2000 - Annual Review of the Council's use of powers and Approval of RIPA Policy.

The Committee 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 April 2013 to 31 March 2014, and notified members of the outcome of the Council's inspection by the Office of Surveillance Commissioner. The report further sought approval of the Council's RIPA policy for the forthcoming year.

Resolved:

- (i) That the content of the annual report and the OSC Inspection report be noted.
- (ii) That the Council's policy on the use of RIPA set out in Appendix 3 of the report be approved.

6 Fairness of Local Government Funding.

The Committee considered a report and presentation of the Corporate Director, Resources which provided information on an assessment of the fairness of the current local government funding system (for copy of report and slides of presentation see file of Minutes).

The Head of Corporate Finance provided a detailed presentation on the budget context; funding of Local Government funding reductions; the impact of revised funding arrangements and what could be expected in the future.

The presentation further provided an illustrative picture of the austerity measures and how they had hit the most deprived areas the hardest. Further slides were presented which

detailed the percentage spending power change over the next two years on both a national and regional basis.

Moving on the Head of Corporate Finance reported upon revised arrangements for local government funding including changes to the Local Council Tax Support Scheme, the New Homes Bonus and Business Rate Retention.

In conclusion he provided a summary of what these changes meant for the future of local government and in particular Durham County Council. He commented that if cuts continued to be delivered in the same way by government there would be a huge impact seen upon the most deprived areas across the country.

Councillor Shield commented that the title of the report should read the 'Unfairness of Local Government Funding' given that we were clearly not 'all in it together' as the Government suggested. He added that he feared that if deprived areas were not more favourably looked upon in the future in terms of funding, anarchy would eventually prevail.

Councillor Wilson raised a query regarding the money allocated per head for infrastructure and the vast difference between the North East and southern areas of the country.

Councillor Wilkes commented that he failed to understand why the committee was receiving this information, as he understood the committee's role to be one of scrutinising how the council spends. He added that he would have liked to have seen on page 4 of the slides detail relating to previous years for comparison purposes.

He asked if 65% of the cuts had zero effect on front-line services then which services had been affected and how were those being prioritised?

Councillor Martin commented that the vote in Scotland the previous night would have an effect on the Government's financial arrangements north of the border. In addition he endorsed what was being discussed in the media regarding the devolution of the north and therefore encouraged the Leaders of this Council to continue pushing forward on a regional basis for real change.

Councillor Buckham added that he did not agree with the implication that had been made that money had been wasted. For example he referred to cuts within children services which were not statutory services but nevertheless vital for some children. In conclusion he added that the council could not help but cut services that matter, when found in this situation.

In response to comments made the Head of Corporate Finance made reference to devolution max and the baseline budget and in particular the changes that government would have to make to put the baseline figure back where it should be.

Resolved:

That the content of the report be noted.

The Committee received a joint report of the Corporate Director Resources and Assistant Chief Executive, to inform the committee of the Cabinet report (16 July 2014) which presented the planning frameworks to enable the Council to develop the 2013/14 Budget, the 2013/14 – 2016/17 Medium Term Financial Plan (MTFP) and Council Plan/ Service Plans (for copy see file of minutes).

The Head of Corporate Finance reported that to date the Council had utilised reserves of over £10m in 2014/15 to balance the budget in order to reduce the immediate impact of savings upon the public and it was likely that this would continue into budget planning for MTFP(5).

It was noted that between 2011/12 and the end of 2014/15 the Council will have delivered £136.9m of savings. It was further forecast that by the end of MTFP (5) period 2015/16 to 2017/18 additional savings of £87.5m could be required.

At this stage the Council were intending to carry out a light touch consultation through AAPs and would be utilising the public feedback which was received during the extensive autumn 2013 consultation.

The Head of Corporate Finance referred to paragraph 13 of the report which provided detail on the New Homes Bonus. It was reported that the New Homes Bonus was expected to be in place for 6 years and it was unknown at this stage what would happen to the funding post 2017/18. At this stage in the planning process the Head of Corporate Finance advised that it was prudent to introduce an estimate of additional New Homes Bonus of £750k for both 2015/16 and 2016/17 alongside further work to be undertaken to review long term empty properties.

He further reported that the Council had been particularly successful in the last two years in bringing empty homes back in to use, which together with new builds has boosted the New Homes Bonus sums received, but was still £2.458m less than the amount of Revenue Support Grant withheld over the four year period since it was introduced.

Further details were then reported in respect of council tax and business rates, health funding and capital financing. The Head of Corporate Finance further reported upon the utilisation of reserves to delay the impact of making further savings and ease budget pressures as detailed within paragraph 14 of the report.

With regard to the 2015/16 savings forecast it was noted that this was the lowest savings target since the CSR with a total of £16.362m of savings to be identified during the year allowing further pressures to be pushed in to 18/19.

Councillor Martin referred members to page 78 of the report and in particular paragraph 40 which related to public consultation, and commented that in his opinion the consultation exercise which had been undertaken at an AAP meeting in Durham City had not been well received by its members and they had found the 15 minute presentation to be uninformative. In response the Head of Planning and Performance advised that these comments on the consultation would be fed back to the service.

Further debate took place regarding the consultation events and some other members disagreed with the comments made by Councillor Martin, suggesting other AAPs had undertaken very good debate on the subject and the information had been well received.

Councillor Smith thanked the Head of Corporate Finance for his presentation and added that the content and way it was presented had helped her gain a better understanding of the way in which government funding was delivered.

Councillor Wilkes referred to page 71, paragraph 13(i) and commented that each year the council had significantly underestimated the level of New Homes Bonus that the council would receive, as every year the council had exceeded the target and he noted that this had been mentioned by himself on numerous occasions during the budget setting process. He added therefore that in his opinion there was insufficient information contained within the report to determine the level that would be received in future years.

In response the Head of Corporate Finance advised that in the early stages of MTFP planning, assumptions on the New Homes Bonus were not built in to the budget. However the Value of New Homes Bonus is determined by information contained within the CTB1 return which the council returns to government in mid October every year. On that basis a more accurate estimate is always included in budget planning from November and the sum received from New Homes Bonus has been included in every council budget since 2011/12..

Councillor Wilkes made reference to the level of reserves which were held by the council and asked how much money had been /would be put in to reserves for the period 2011-2017; as in his opinion, although a significant amount had been drawn from reserves, almost as much had been contributed to reserves during the same period. In response the Head of Corporate Finance advised that the council were very transparent regarding the use and level of reserves and at this stage these were invaluable to the council so that budget pressures could be pushed in to the future. He did however add that he would be happy to add further information regarding reserves in future reports.

Councillor Buckham commented that it would be useful if a breakdown of reserves including what they were being spent on and what was being put back in the pot was provided to members at a future meeting, in simplistic terms so that it was easily understandable to a lay person.

Resolved:

That the content of the report be noted.

8 Quarter 1 2014/15 Performance Management Report.

The Committee considered a report of the Assistant Chief Executive which presented progress against the council's basket of indicators for the Altogether Better Council theme and reported upon other significant performance issues for the first quarter of 2014/15 covering the period April to June 2014 (for copy of report and slides of presentation see file of minutes).

The Corporate Scrutiny and Performance Manager provided detail on key performance highlights for the quarter including the processing times for new benefit claims and changes in circumstances; improved telephone call handling and more customer access points within the 15 minute target; payment of supplier invoices within 30 days and occupancy levels of council owned business floor space.

Members further noted key performance challenges in respect of sickness absence, appraisals and Freedom of Information and Environmental Information Regulations requests responded to within the deadline.

Discussion took place regarding sickness absence and a comment was made by Councillor Shield regarding the way in which the performance data was presented; in particular, amending the scale would be useful. Starting the scale at zero serves to show actual performance as a flat line. Changing the scale would also emphasise the gap between actual performance and the target. He also suggested that a breakdown on long term sickness should include periods between one and three months. Further information relating to the cost of absence would also be useful.

Councillor L Armstrong agreed that a periods of 1-3 months sickness should be presented to Members as sickness of over four weeks is usually used as a trigger for a referral to occupational health.

Councillor Wilkes queried when the review group would commence to look at sickness absence. In addition he further commented as he had previously requested it would be useful to see a list of appraisals next to sickness absence figures by service area, to determine whether there was any correlation between the two.

In response the Head of Planning and Performance advised that this topic had been included within the work programme, however the committee were prioritising the MTFP at this time; with a view to the Head of Human Resources and Organisational Development providing Members with an update in relation to attendance management and employee appraisals in the new year.

With regard to a query raised regarding the recording of data by managers, the Head of Planning and Performance advised that this was previously a manual process, however, a system is being rolled out where managers can record data directly on to the system in real-time, resulting in more accurate up to date data.

Councillor Buckham commented that he felt the data in the slides could have been presented better as the graphs were unreadable in black and white. He believed that the presentation of data using graphs with two vertical scales was confusing. and commented that if this document was in the public arena then it should be easily understandable.

Councillor Shield made reference to housing benefit and an issue which he had come across relating to tenant arrears due to bedroom taxation and the inability to relocate to a smaller dwelling if in arrears. It was noted that this was the case amongst many RSLs however policy varied. He therefore asked whether it would be possible to find out how many tenants were in arrears as a result of bedroom tax or under occupancy. The Head of

Planning and Performance advised that the council did work closely with RSLs and ALMOs and further information could be provided at a future meeting.

Resolved:

That the content of the report be noted.

9 Quarter 4 Revenue and Capital Outturn 2013/14

The Committee considered two reports, the first of the Corporate Director, Resources and the second of the Assistant Chief Executive which provided details of the outturn budget position for both service groupings in 2013/14 highlighting major variances in comparison with the budget (for copy see file of minutes).

Councillor Wilkes referred to the table displayed on page 107 of the report and queried what the position was with regard to the ICT budget for Digital Durham as this had not been fully expended. In response the Finance Manager advised that the remaining budget had been rephased into future year as this was a longer term programme.

Resolved:

That the content of the report be noted.

10 Quarter 1 Forecast of Revenue and Capital Outturn 2014/15

The Committee considered two reports, the first of the Corporate Director, Resources and the second of the Assistant Chief Executive which provided details of the Quarter 1 forecast outturn budget position for each service grouping highlighting major variances in comparison with the budget based upon the position to the end of June 2014 (for copy see file of minutes).

With regard to the resources outturn position the report detailed revisions to the General Fund Budget and the adjustments which had been made. The report further detailed revenue by subjective analysis and by Head of Service. In addition those variances in the core budget were also detailed.

The Finance Manager advised that in summary the service grouping was on track to maintain spending within its cash limit, and MTFP savings were on track with some 15/16 savings already being achieved.

With regard to the capital programme the Finance Manager advised that the resources capital programme comprised of 21 schemes, all of which were managed within ICT and a full breakdown of schemes and actual expenditure to June 2014 was shown in Appendix 2 of the report.

Moving on the Finance Manager presented the second report of the Assistant Chief Executive which provided details of adjustments to the General Fund Budget. The report

further detailed the revenue position and subjective analysis by Head of Service. The Finance Manager advised that the service grouping was on track to maintain spending within its cash limit and was on track to achieve MTFP savings, including some achievement of 15/16 savings.

Moving on the report further detailed the Members Neighbourhood Revenue Budget and AAP Area Budgets. Further details were also reported in respect of the revised capital programme budget for the four schemes included in the programme, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook. A summary of the financial performance against each to the end of June was detailed within the report.

Resolved:

That the content of the report be noted.

Signed.....

Date.....