

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2 - County Hall, Durham on **Tuesday 22 January 2019 at 9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors A Patterson (Vice-Chairman), E Adam, D Boyes, M Clarke, P Jopling, O Milburn, C Potts, L Pounder, J Robinson, M Simmons, F Tinsley, J Turnbull, M Wilkes and J Nicholson (substitute for A Shield)

1 Apologies for Absence

Apologies were received from Councillors H Liddle, A Shield, H Smith and A Willis.

2 Substitute Members

Councillor J Nicholson substituted for Councillor A Shield.

3 Declarations of Interest

There were no declarations of interest.

4 Medium Term Financial Plan (MTFP(9)), 2019/20 to 2022/23 and 2019/20 Budget

The Board received an overview of the 16 January 2019 MTFP(9) Cabinet report from the Head of Corporate Finance and Commercial Services . The overview covered the MTFP(9) period from 2019/20 to 2022/23 and 2019/20 Budget (for copy see file of minutes).

The Head of Strategy referred to Corporate Overview and Scrutiny Management Board held in September 2018 where members discussed in detail the July MTPF Cabinet report and raised several points for consideration by Cabinet. A summary of the discussion at COSMB was forwarded to Cabinet highlighting the issues and a copy of the response received from Councillor Napier together with a response from Councillor Stephens had been circulated prior to the meeting.

Councillor Robinson referred to the spend on care in the community and adaptations to enable people to continue living in their home environment, however he questioned the cost of equipment that was not returned. He also queried whether a £19m reduction in Public Health Grant would put pressure on statutory services such as Health Visitors and he suggested that Cabinet were supported in stressing the impact on services, should the Public Health Grant be reduced.

The Chairman referred to the recently published NHS 10-year plan and the proposal that a review of Public Health would result in public health services going back to the NHS. There was a worry that this would have an impact on funding for social care.

The Head of Corporate Finance and Commercial Services confirmed that providing assistance to enable people to live at home was significantly less than the cost of social care. A £19m cut would be a 40% reduction, however if a cap was introduced to ensure that no local authority was reduced by more than 10% this would at least protect the position of public health to some extent.

Councillor Clarke referred to the shortfall with regards to the High Needs Dedicated Schools Grant budget and the concerns expressed at Council around meeting this shortfall from the General Fund Budget Support Reserve. He was concerned that the reserve could diminish rapidly as a result of pressures on the High Needs Dedicated School Grant (HNDSG) and this was presuming there would be no extra pressures from the impact of Brexit. The Head of Corporate Finance and Commercial Services agreed that it was important to maintain reserves, however children's social care budget had increased by £20m in two years, which showed the volatility of this area. He added that the overspend in the children's social care budget in 2017/18 had resulted in the Council's first overspend since local government reorganisation, eight years prior.

The Chairman agreed that the Council's approach in retaining reserves was the correct stance as many succumbed to public pressure or advice from government to use them. Despite assurances that austerity was over, this was not the case in Durham.

Councillor Adam referred to the increase in staff costs due to increases in pay and noted that although positive for staff, it may have a negative effect on the budget. He queried whether increases in the National Minimum Wage had resulted in staff on higher grades having to receive increments to maintain the correct differential in lower graded posts. The Head of Corporate Finance and Commercial Services responded that for many years there had been no pay awards at all however trade unions had negotiated that lower level staff received a larger increase than the remainder of the workforce. These larger increases would ensure that the differential between the National Living Wage and the council's lower paid staff is maintained if not increased.

The Head of Corporate Finance and Commercial Services confirmed that with regards to the National Living Wage, this would increase in 2019/20 by 4.4% placing additional pressure particularly regarding the purchase of Adult Social Care.

Councillor Boyes referred to the success of a Drug Rehabilitation Programme which had originally been underperforming and had recently reached regional targets and was working towards national targets. He confirmed that should a reduction in the public health budget affect programmes such as this, it would have a knock on effect on public safety. It was important when lobbying on the Public Health Grant

to refer to the potential impact on communities which a reduction in public health services would have.

Councillor Boyes referred to pressures on the Children's Social Care Budget and said he had been made aware of families given financial incentives from other local authorities to move into County Durham. These families came at a cost if they required additional support due to complex needs and the obligation to care for them was being transferred from other local authorities to Durham. There was an additional burden placed on schools and special educational needs. The Head of Strategy commented that she would seek comments from the Head of Education and Head of Special Educational Needs.

The Chairman referred to the link between the competitive private rental market in County Durham which allowed families to relocate. He referred to an ongoing review of Private Residential Children's Homes, of which there was a high number located in County Durham as a result of the property market.

The Head of Corporate Finance and Commercial Services confirmed that in recent years the reductions in the Public Health grant had not been passed to the Public Health service thus protecting this vital investment. The proposed Fair funding review reduction of £19m would result in the council having to carefully consider the approach to public health services. In response to Councillor Boyes comments, it was confirmed the Council had an obligation to provide services which may place additional pressures on the budget.

Councillor Tinsley commented on the average house price in Durham as being much less than elsewhere and as well as young families with complex needs, older generations were moving from the south to maximise their retirement fund. This in future could also place an additional burden on adult social care.

Councillor Wilkes referred to the proposed savings and queried whether saving AHS 1.1 relating to adult care services would leave the Council with enough control to maintain a good level of service. He was also surprised with regards to a review of social work related posts considering there was a huge drive to recruit. He queried whether reductions in administrative staff put additional pressure on Social Workers as their caseloads were still too high, and he advised that any additional burden would make it difficult for them to maintain good standards. Councillor Wilkes' main concern with regards to staffing issues was in Planning – they received a high level of negative press yet 2/3 staff were dealing with 4,000 cases, some of which were complex applications such as the new Council Headquarters.

In response to Councillor Wilkes, the Head of Corporate Finance and Commercial Services advised that it was important to be proactive with regards to contract management and training was provided by procurement. With regards to the reduction in Social Worker posts, this related to adult social care functions, which were currently under less pressure than children's. The Head of Strategy confirmed that the savings made were at a managerial level and in relation to the planning service, the government had allowed an increase in fees recently and this ensured there was no impact on staff.

Councillor Wilkes then referred to Highways Capital Funding, of which the Council had been allocated over £5.2m to assist in the repair of roads, however there was the added pressure of having to spend it in the current financial year. He suggested that estate and side roads were not being improved due to a massive backlog of £190m which was in excess of the local and national average.

With regards to the response of Councillor Stephens, which had been circulated prior to the meeting about dropped kerbs, Councillor Wilkes suggested that the information was not entirely clear and he intended to seek further clarity on the cost of the work. He commented that he would be particularly interested to know how many of the requests were commercial.

Councillor Tinsley commented that it was not sustainable to meet overspending with the Councils reserves. He referred to the Fair Funding Review beyond 2020/21, which sought to ensure all councils were self-funded by council tax and business rates and yet the introduction of Retail Relief, which although was a significant move to assist struggling industries, he queried whether any modelling had been done and also whether the Section 31 grant had been received.

The Head of Corporate Finance and Commercial Services provided assurance that the council would lobby consistently to ensure the Fair Funding review was fair to all and also confirmed that the Section 31 grants presently received to cover the loss of rate reliefs would still be funded post 2020/21.

Councillor Tinsley then referred to the Business Support Review which would result in a saving of £3.1m phased over two years and asked whether the savings were on track. The Head of Corporate Finance and Commercial Services confirmed that the service was where it needed to be in terms of making the service fit for purpose for the future, however staff would face some pressures. He referred to Councillor Wilkes' comment on the pressures in the planning service and advised that this was consistent across most council services.

Councillor Wilkes clarified that there was particular pressure on Planning Enforcement around the serving of notices, the process of negotiation and the amount of work involved and as a result, people were able to breach planning conditions.

The Chairman summed up concerns regarding families with complex needs moving into the area and had concerns that a number of children requiring care could be slipping through the social care safety net. The Head of Corporate Finance and Commercial Services confirmed that he was not aware of other local authorities offering financial assistance to move into Durham but would flag this up with the relevant children's services. Councillor Jopling referred to any payment incentive as inappropriate and the Head of Corporate Finance and Commercial Services confirmed that it indicated the desperate measures councils were willing to take to alleviate budget pressures.

The Head of Strategy summed up the three main additional areas of feedback for Cabinet to consider as;

- Reduction in the Council's public health grant and the support to Cabinet in pressing for protection of this funding and the potential consequences and impact on the wider community benefit of the grant on such areas as the Drug Rehabilitation Programme target
- High Needs Designated Schools Grant – support Cabinet in lobbying to ensure that funding levels continue to support high needs
- Adult Social Care Saving – the need to closely monitor the performance in adult care re-enablement services to ensure arrangements are effective

The overarching comments made by COSMB were the uncertainty of future funding of the Council in view of the Comprehensive Spending Review, Fair Funding Review, the savings gap on the MTFP and the long term outlook for local government.

Resolved:

That the contents of the report be noted.