

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Council Chamber, County Hall, Durham on **Thursday 2 September 2021 at 9.30 am**

Present:

Councillor C Martin (Chair)

Members of the Committee:

Councillors E Adam, B Avery, A Batey, J Charlton, J Cosslett, B Coult, R Crute, J Elmer, D Freeman, C Hood, J Howey, A Jackson, P Jopling, C Lines (Vice-Chair), R Manchester, C Marshall, K Shaw, M Stead and A Surtees

Apologies:

Apologies for absence were received from Councillors R Charlton-Lainé, O Gunn, L Hovvels, L Maddison, B Moist and M Wilson

1 Apologies for Absence

Apologies for absence were received from Councillors B Moist and M Wilson

2 Substitute Members

There were no substitutes.

3 Minutes of the meetings held on 18 June and 28 July 2021

The minutes of the meeting held on 18 June 2021 were confirmed as a correct record and signed by the Chair.

The minutes of the meeting held on 28 July 2021 were confirmed as a correct record and signed by the Chair with the following amendment:

Page 13 Paragraph 5 to read:

Councillor Surtees commented that in her opinion Question 1 could not be answered without real discussion taking place with the collection owners.

4 Declarations of Interest

There were no declarations of interest.

5 Medium Term Financial Plan(12) 2022/23 - 2025/26 and Review of the Local Council Tax Reduction Scheme

The Board considered a report of the Corporate Director of Resources (Interim) which provided an update on the development of the 2022/23 budget and the Medium Term Financial Plan (MTFP (12)) covering the period 2022/23 to 2025/26 and further provided details for consideration regarding a review of the Local Council Tax Reduction Scheme for 2022/23 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services provided a thorough overview of the report highlighting the ongoing level of financial uncertainty faced by the council due to a combination of the ongoing impact of the pandemic, the inherent low tax raising capacity due to the low tax base and significant pressures in social care and waste services alongside unfunded pressures arising from pay and inflation.

He went on to explain that this level of uncertainty made financial planning difficult and required the council to be flexible and adaptable in its financial planning. In this regard the strong financial position of the council would ensure that the council is well placed to react effectively to any outcome.

Further details were then provided in respect of funding shortfalls and anticipated savings which would need to be achieved over the 4-year period.

Councillor Crute commented that it was difficult to make too hard and fast comments at this stage because there were a lot of assumptions contained in the report. He added that the council always had a good reputation for consultation on the budget and on medium term financial planning and hoped that this level of consultation would continue as a minimum and be enhanced where possible. He further made reference to newly elected members who had won their seats on a pledge to reduce council tax so it would be important to get the consultation right.

He further referenced the timetable contained in the report and noted previous frequent calls from the floor for the MTFP report to be considered by scrutiny before Cabinet. He therefore asked what had been done to make sure that that happens or if that was not going to be the case, what the reasons for that change were.

In response the Chair advised that he had undertaken discussions with the Head of Corporate Finance and Commercial Services to do exactly that and so long as the council was willing it was hoped that this could be achieved. Councillor Crute subsequently suggested that the Board note therefore that this was an indicative timetable and subject to change.

Councillor Surtees for clarity suggested that the report be amended to say that it was an indicative timetable subject to receiving the funding settlement from government.

Councillor Marshall thanked the Head of Corporate Finance and Commercial Services for the thorough report noting how difficult it was at this stage to plan, given the level of uncertainty surrounding budgets. He therefore felt it was important that the cabinet and the leadership of this council set out very clearly what it is intended to be delivered over the next four years and its intended programme. He went on to note that there were a number of quite alarming statements in the report one regarding disinvestment which he took to mean cuts to services and cuts to jobs and asked for some clarification on this point.

Councillor Marshall went on to note the unfairness of the government settlement noting that the current government does not allow for the low council tax base that we have in County Durham and the assumptions that we will maximise the council tax increases in order to balance our budgets. He further noted his concerns regarding uncertainty regarding funding that will replace the EU structural fund and felt that the council needed assurances from government quickly regarding these areas of uncertainty.

The Head of Corporate Finance and Commercial Services in response to the point raised regarding disinvestment and investment, noted that he would expect that position to become clear as the council moves through the MTFP process. He noted that without the additional pressures coming from children's services and from energy the position could become worse for 2023, He added the council had built in assumptions around loss of funding which may or may not manifest in the Comprehensive Spending Review. Officers were working tirelessly to identify efficiency savings and ways of raising extra income.

He went on to acknowledge that the challenges that the council faced were quite extreme financially and this was further impacted by rising inflation costs. He further touched upon the Fair Funding Review and the need to know the outcome of this alongside any impacts from the ongoing Social Care Review which could have a massive impact on local government finances.

Further discussion took place regarding the impact of the pandemic on the council's finances and the unknown scale of its impact at this stage. The Head of Corporate Finance and Commercial Services noted that the council were currently in a strong position and were able to rest upon reserves, which were of fundamental importance to provide balance sheet strength and allowed some flexibility within the budget.

Resolved:

- (a) That the content of the report and comments made be noted.
- (b) Note the indicative timetable for scrutiny discussions subject to receiving the funding settlement from government.

6 Quarter 4 2020/21 Budget Outturn

The Board considered a report of the Corporate Director Resources (Interim) which provided details of the final revenue and capital outturn position for the Resources service grouping in 2020/21, highlighting major variances in comparison with the budget (for copy see file of Minutes).

Councillor Freeman noted that the council's reserves increased last year by £43 million to £272 million and noted the increase may be partly due to COVID grants. He commented that the money held in reserve was that paid by the people of County Durham which could have been spent on services rather than in the council's accounts. In conclusion he asked whether reserves were likely to increase this year and was they were forecast to be at year end.

In response the Head of Corporate Finance and Commercial Services reported that the vast majority of the increase in reserves last year was because of treatment of COVID funding. He explained that the government last year gave the council around £25 million of extra grant to mitigate the massive discounts that were provided for business rates. But due to accounting methods the council's collection fund carried this forward into the following year as a reserve. However, whilst that did account for a large proportion of the increase in reserves, he also noted the council did underspend in a number of areas last year mainly due to the government providing more funding than was required for COVID and secondly due to a number of projects not being fulfilled as anticipated due to the pandemic. He went on to explain that he did not expect the council's reserves to increase next year due to a number of reasons including the application of £23 million in business rates which must be applied this year. He further added that he expected that council reserves would fall to around £140 million within 3-4 years.

Councillor Marshall asked whether the council was on target for capital programme delivery this year as it would be important to know ahead of budget setting and noting that in the recovery from the pandemic it would be vital and key for the council to continue to place key investments into the community.

In response the Head of Corporate Finance and Commercial Services explained that the council had a significant capital programme and whilst there had been some slippage in the programme due to early issues of and impact of the pandemic, the programme for the current financial year was close to £200 million. He explained that further detail would be available in the quarter one forecast outturn report. He further went on to provide an explanation of how the capital programme was funded through prudential borrowing and how this was reflected as a cost pressure within the council's MTFP.

Resolved: That the content of the report be noted.

7 County Durham Partnerships update

The Board considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided an update on issues being addressed by the County Durham Partnership (CDP), including updates on other key initiatives being carried out in partnership across the county (for copy see file of Minutes).

The Partnerships Team Manager went on to provide a detailed presentation, which highlighted that whilst the scale of the coronavirus pandemic was still impacting services across County Durham, partnership work continued and had done so throughout the pandemic. It furthermore highlighted its importance in supporting the voluntary and community sector with work helping to prevent widening of health and wellbeing inequalities and improving outcomes for local people in line with the County Durham Vision.

In referencing the County Durham Partnership Annual Event, Councillor Adam asked whether any further detail on the event was available at present including who the key-note speakers were. The Partnerships Team Manager advised that details were still being finalised with confirmed arrangements expected to be communicated within the next few weeks.

Councillor Marshall added his recognition for the dedication and commitment of the AAPs and their coordinators, noting in addition the excellent work which had been done to support the voluntary and community sector and how this work had helped communities react quickly to the pandemic and ever-changing situation.

Councillor Crute also added his thanks and agreed that the report highlighted the excellent work undertaken to support the community and voluntary sector during the pandemic. He further noted that some initiatives had similar themes running through them and noted that public transport and bus services was key to joining up our communities. He further made reference to Petition 405 detailed in the Petition report on the agenda and noted that

the council had a responsibility to the people of County Durham to support the proposed Enhanced Partnership Arrangement and push for better and more attractive bus services in County Durham. He suggested that the relevant scrutiny committee look at this topic more closely.

Councillor Marshall noted that whilst the report highlighted the key outcomes, it did not focus on what the partnerships challenges and difficulties were and how these could be overcome.

Councillor Lines noted that there was a level of frustration from AAP staff in his area (East Durham AAP) because they were unable to get out into communities as they had previously done so, due to COVID restrictions. He added they felt that some connections had been lost as a result and deep insights not gained through no face to face contact.

Resolved: That the content of the report be noted.

8 Update in relation to Petitions

The Board considered a report of the Head of Legal and Democratic Services which provided for information the quarterly update in relation to the current situation regarding various petitions received by the Authority (for copy see file of Minutes).

The Head of Transformation and Strategy advised that the schedule provided a list of those petitions that were active, and those that are to be closed and which will be removed from the list prior to the next update.

Since the last update no new e-petitions have been submitted. Three new paper petitions had been submitted however, two of which had now been completed and a response was awaited on the third. A list giving details and the current status of all active petitions was attached as Appendix 2 to the report.

Resolved: That the content of the report be noted.

9 Notice of Key Decisions

The Board considered a report of the Head of Legal and Democratic Services which detailed the key decisions that were scheduled to be considered by Cabinet from 15 September 2021 (for copy see file of Minutes).

The Head of Transformation and Strategy highlighted that

since publication of the Board's agenda and reports the Notice of Key Decisions had been republished on the Councils' website (for the same time period) with the following changes to page 135.

- The report on the Strategic Investment Proposals has been deferred from September Cabinet to October Cabinet.
- An additional item for the Leisure Transformation Review has been added to the Notice. The review is scheduled for the special meeting of Cabinet on 29 September 2021.

He went on to highlight items new to the plan as follows:

- Local Council Tax Reduction Scheme Support Payments
- Council Tax Base 2021/22 and Forecast Surplus / Deficit on Collection Fund
- MTFP(12) - Update on development of MTFP(12) including analysis of the Comprehensive Spending Review
- Minerals and Waste Development Plan Document and Developer Contributions, Parking and Accessibility and Residential Amenity Supplementary Planning Documents
- NETPark Phase 3 Development Funding
- Strategic Investment Proposals (Exempt Report)
- Leisure Transformation Review

Resolved: That the content of the report be noted.

10 Information Update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Corporate Director Resources (Interim) which provided an information update of overview and scrutiny activity from June 2021 – September 2021 (for copy see file of Minutes).

Councillor Crute suggested that it would be helpful in future reports to receive more detail on the thematic committee's work programmes to ensure that there was no duplication of work and whether some issues were aligned and could be collated.

Resolved: That the content of the report be noted.