

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Monday 23 January 2023 at 9.30 am**

Present:

Councillor C Martin (Chair)

Members of the Committee:

Councillors E Adam, J Charlton, J Cosslett, B Coult, P Heaviside, J Howey, P Jopling, C Lines (Vice-Chair), R Manchester, C Marshall, A Reed, K Shaw, M Stead and A Surtees

1 Apologies for Absence

Apologies for absence were received from Councillors I Cochrane, R Crute, O Gunn, A Jackson and M Wilson

2 Substitute Members

There were no substitute members.

3 Minutes

The minutes of the meeting held on 2 December 2022 were agreed as a correct record and signed by the Chair.

The Democratic Services Manager informed the Board that all actions had been followed up and confirmed that letters were sent via email to the Prime Minister and Secretary of State for Communities and Levelling Up, Housing and Communities, however no response had been received to date.

4 Declarations of Interest

There were no declarations of interest.

5 Medium Term Financial Plan 2023/24 to 2026/27 and Revenue Budget 2023/24

The Board considered a report of the Corporate Director of Resources that provided the opportunity to comment upon Cabinet's proposals on the

Medium Term Financial Plan (MTFP) 2023/24 to 2026/27 and Revenue Budget 2023/24. The report to Cabinet set out an update on the development of the MTFP 13 2023/24 to 2026/27 and the 2023/23 revenue budget following the government's Autumn Statement in November and provisional local government statement issued in December 2022 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services informed members that following announcement of the Autumn Statement (AS) the Councils settlement had been received in late December. The AS showed that any difficult decisions facing the public sector as a whole and possibly local authorities would be pushed back into future years. He advised that the next two years local government finance settlements would be better than forecast however the two years to follow that of 2025/26 and 2026/27 would be challenging as funding for the whole of the public sector is only expected to increase 1% in real terms. There had been additional funding received for health via the Better Care Fund of £4.3 million with particular focus on early discharge from hospital into the community. The funding would be pooled with the NHS to alleviate pressures on the system. Councils had been given the flexibility to increase the council tax referendum limit to 2.99% with an additional 2% allowed for the adult social care precept in both 2023/24 and 2024/25. It was expected by government that all local authorities would increase council tax by the maximum sum available.

The Head of Corporate Finance and Commercial Services highlighted the national living wage increase by 9.7%, higher than forecast, the impact of the energy price cap and the one year local government settlement, with no guarantees for 2024/25 and beyond.

Moving on through the report the Head of Corporate Finance and Commercial Services explained about the Better Care Fund, Market Sustainability and Improvement Grant, Social Care Grant, the uplift in consumer price inflation and business rate retention. There had been a reduction in the new homes bonus which was expected to be fully withdrawn in 2024/25. The AS had announced that public sector funding would increase by 1% in real terms however the council faced a shortfall of £22 million for the MTFP 13 period, despite identifying £18.6 million in savings.

The Head of Corporate Finance and Commercial Services highlighted sections within paragraph 69 of the report:

- Pension Fund Valuation - The revaluation would result in a £5.1 million employers pension contribution budget reduction
- Children's Demographics – forecast overspend in 2022/23 is significant with an increase in budget uplift in 2023/24 from £7.5 million to £13.8 million

- Home To School Transport – 25% increase from tenderers resulting in an increase in the forecast cost to £8.3 million.
- Prudential Borrowing - Due to the current high level of cash balances the council did not forecast that borrowing would be required during 2023/24, though there remains an underlying need to borrow in line with our Capital Financing Requirement and Treasury Management policies. It is forecast however, that as cash balances decrease that borrowing would be required during 2024/25.

The Head of Corporate Finance and Commercial Services explained the savings requirement and shortfall from 2023/24 through to 2026/27, the forecast reduction in the earmarked reserves in 2022/23 of £45 million and the reduction of general reserves of £4.5 million.

In conclusion, the Head of Corporate Finance and Commercial Services said that the Council were in a better than forecast position for the next two years but there was a fear for 2025/26 onwards if government funding was reduced.

With regards to the better care funding of £4.3 million, Councillor Reed commented that this would help the sector, including the NHS, to move people out of hospitals much more quickly and back into the community. However, she was concerned that a larger cohort of staff to care for those people would be required as believed that any support available now would be limited. She asked if any of the funding could be used to recruit more staff within the community setting. The Head of Corporate Finance and Commercial Services advised that the government were providing funding nationally to support the early discharge of patients in 2022/23 as well as 2023/24. He said that the grant conditions on the 2022/23 funding had only recently been received and were onerous. The grant conditions for the BCF funding had not been received and therefore it was difficult for him to advise what the money could and could not be spent on at this stage. He agreed that staffing in the social care sector was an issue. There was an understanding that staff needed better pay and in order for home care facilities to attract more staff the Council had increased home care fees by 14% in January, with the expectation that some of this was passed down through salaries.

On a point made about not being paid travelling expenses by Councillor Reed, the Head of Corporate Finance and Commercial Services explained that the care fee was slightly higher in the more rural areas, such as the Dales, to assist with mileage costs.

Councillor Adam said that an important decision on the council tax was required and the impact of any increase. Based on information provided he believed that the government were giving us grants in one hand but taking

away with another which presented problems for the future. With reference to paragraphs 24-26 on grant settlements and reductions he asked how some of that related to district councils and why the government wanted to do that as opposed to funding the principal local authority. He further asked if the public had been consulted on the three new added savings. He expressed concerns if this hadn't taken place bearing in mind the response to the consultation in November where 64% of people did want to see an increase in council tax. In response the Head of Corporate Finance and Commercial Services said that councils wanted flexibility on the council tax as this provided some flexibility. He believed that the expectation from government was for councils to increase by the maximum sum available. However, if we did not do that and then ask for further funding government response would be that we could have increased the council tax by more but chose not to. In relation to the district councils he advised that without this increase district councils would have received no increase in funding at all in a period of high inflation. With regards to the additional savings he confirmed that no consultation had taken place, and included a restructure of Head of Service posts (£0.081 million) and the removal of the free after two policy for council car parks introduced to aid COVID recovery in 2021/22 (£0.600 million).

The Chair was disappointed that one of the additional savings was the removal of the free parking after 2 pm as believed this had helped local businesses.

Councillor Marshall was concerned at the way government continued to force local councils to fund through taxation due to political choices of redistribution of monies to other areas. With regards to the report he said that some of the figures were worrying in terms of core spending powers of the council, compared to other councils in the region. In terms of the consultation, he said that we needed to listen to the public and change the course of direction as 89% of people felt that putting council tax was unaffordable. He asked if the council were prepared include or increase car parking charges for staff. He also expressed concerns that the council had failed in City of Culture bid, failed in levelling up bids and he believed that the government had given up on County Durham. In response the Head of Corporate Finance and Commercial Services agreed that local rather than national taxation was a problem. He advised of the support given through the council tax discount scheme which helped the more vulnerable and elderly people of the County. However in relation to core spending power the only resolution was the fair funding review (FFR) which had been pushed back again to 2025/26. Should the public health grant be withdrawn as part of any FFR however we could lose funding from the process. In terms of the consultation he would not expect the public to be in favour of a council tax increase however without the increase they would be being asked what services should the Council cut. With regards to car parking charges for staff he confirmed that there were no plans to include this as a saving in the 2023/24 budget.

Councillor Adam referred to the five unsuccessful levelling up bids and the feasibility reserve of £2 million that had been spent on bids. He asked if there would be another opportunity to bid and if more of the feasibility reserve would need to be used to address the failings of the recent bids. In response the Head of Corporate Finance and Commercial Services confirmed that it was expected that there would be another round of funding but that the schemes were already worked up and ready to go, with all of the feasibility work carried out. He added that we had not received and feedback at this stage on why the schemes had been unsuccessful in the last round.

Councillor Jopling said that with regards to council tax the most vulnerable residents were protected, and that the council also provide extra assistance. With reference to the levelling up bids Councillor Jopling was concerned that the distribution of successful bids was not being carried out in a fair way.

The Chair informed members that any comments and questions about the levelling up bids could be discussed at a future Economy and Enterprise Overview and Scrutiny Committee.

Councillor Howey asked how the council agreed payments for school transport as she was aware of the significant increase in costs. The Head of Corporate Finance and Commercial Services advised that there were two major costings for buses and taxis. With regards to taxis there had been a significant increase in the demand and especially for those children with special educational needs. He added that during the pandemic decisions taken to have taxis for individual children and that had continued since. He advised members that best value was applied through a tendering process but with fuel, insurance and cost of living increases this had seen an increase in the bids received.

Councillor Howey asked about the time taken to start highways projects as was concerned that the longer they take the more prices would continue to rise. In response the Head of Corporate Finance and Commercial Services said that bizarrely some schemes being delayed over the coming months could result in lower costs as inflation reduces and demand for work also reduces. He advised that the council presently had the largest ever highways programme with a budget of circa £50 million in 2022/23 which could be resulting in delays due to capacity.

Following on from that Councillor Marshall said that it was important to get jobs done as caused frustration for those living in areas where the highways needed improvements. Councillor Marshall went on to say that the band of vulnerable people living in each community was increasing due to factors such as energy bills, council tax, living wages not keeping up with inflation and the general cost of living. Prepared for people earning and living to feel

the squeeze. The Head of Corporate Finance and Commercial Services reported that the capital programme was forecasting spend of circa £160 million in 2022/23 the highest ever for the council so a lot of projects were going ahead. With regards to the cost of living crisis he said that there were concerns moving forward and that it would be interesting to see how the private sector manage pay awards over the next 12 months.

Following a comment from the Chair, Councillor Marshall requested notification of when a member steps down as chair from a committee.

Councillor Surtees said that vulnerability had worsened during the pandemic and the cost of living crisis and that this followed 13 years of an austerity crisis. She went on to ask if town and villages programme had been moved into the capital programme as she was concerned that the council would not be able to demonstrate to our communities what money was being spent on. She was also disappointed that the government were not doing more to help. In response the Head of Corporate Finance and Commercial Services explained that the Towns and Villages reserve was a revenue reserve funding capital expenditure with a full programme already in the capital programme funded by reserve. He added that this was investment was still included in the current capital programme but would be funded by borrowing and all of the work would be carried out. With regards to council tax he appreciated the difficult decision members would need to make as if we increased by 5% that would be a receipt of £13 million however if below that figure then there would need to be additional savings identified.

Resolved:

That January 2023 Cabinet report on the MTFP (13) 2023/24 to 2026/27, the 2023/23 revenue budget and comments from the response from the Corporate Overview and Scrutiny Management Board to the budget be noted.

6 Council Plan 2023/24 - 2026/27 Refresh

The Board considered a report of the Chief Executive on the draft refresh of the Council Plan covering the four-year period 2023-2027 and provide feedback before it is submitted to Cabinet for consideration and approval by Council (for copy see file of Minutes).

Referring to the amount of waste going to landfill Councillor Adam was concerned that a strategy on how to deal with the issue going forward was not included in the plan and that no priorities were shown. He also suggested that there should be more done to improve air quality in the whole of County Durham as the plan focused on Durham City. The Corporate Policy and Performance Manager explained that as this was a high-level document not everything would be included in the plan. However,

there were performance indicators and measures in place to deal with priorities around waste to landfill. He would speak to the service and provide feedback to Councillor Adam. In relation to air quality, he advised that an Air Quality Management Area (AQMA) had been declared for Durham City and therefore an action plan to improve air quality was required and this is why Durham City had been singled out within the plan. He added that an AQMA for Chester-le-street had been removed from the plan as actions to reduce the pollutants in this area below government thresholds had been successful.

Councillor Adam went on to say that the Council used to achieve levels where less than 5% of waste went to landfill. However the plan aims to achieve a target of 10% waste being disposed of in landfill. In terms of air quality, he agreed that there was only one significant area but was concerned that there were other areas of that would have air pollution.

Referring to the 'Our People' priority Councillor Reed asked how we were going to look after and protect adults with care and support needs, which she presumed would be the same for children and young people too, especially given the funding situation for local authorities and the NHS. The Corporate Policy and Performance Manager said that this was reflected in the plan as a risk but would speak to clarify this with colleagues in Adult Social Care.

Councillor Marshall asked how we were going to deliver the plan and judge our success. He said that there was not much detail in the new council plan about the role of Area Action Partnerships (AAPs) and asked if this was with regards to the review.

The Corporate Policy and Performance Manager advised that the Council Plan is a high-level document and it described what we were going to do. The detail of and how we are going to do it exists in other plans such as service plans, action plans within strategies and individual project plans. In terms of how we measure success, he advised that the plan contains key measures and council performance indicators and monitoring actual performance against these measures would be undertaken quarterly through the appropriate Overview and Scrutiny Committees.

With regards to AAPs he suggested that some further narrative could be included in the plan as to how community participation and delivery of local projects is undertaken.

Resolved:

- (a) Consider and agree the content of the draft Council Plan 2023-2027 attached at Appendix 4 be considered and agreed.
- (b) Agree that the refreshed Council Plan be considered by Council on 22 February be agreed.
- (c) To delegate authority to the Corporate Director of Resources in consultation with the Leader to make any further minor amends

and updates to the document as necessary before it is taken to Council for approval.

7 Notice of Key Decisions

The Board considered a report of the Head of Legal and Democratic Services which listed key decisions which were scheduled to be considered by the Executive.

The Democratic Services Manager advised that new to the plan was the following:

- Council Plan 2023-24 to 2026-27
- School Admission Arrangements Academic Year 2024-25

Resolved:

That the content of the report be noted.