

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Tuesday 23 January 2024 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors V Andrews, A Batey, J Charlton, J Cosslett, B Coult, J Elmer, L Fenwick (Substitute) (substitute for S Deinali), P Heaviside, L Hovvels, M Johnson, P Jopling, C Martin, B Moist, E Peeke, A Reed, K Shaw, M Stead, A Sterling, A Surtees, C Varty (Substitute) (substitute for J Miller) and A Watson (Substitute) (substitute for C Lines)

Also in attendance:

Councillors C Hood and A Shield

1 Apologies for Absence

Apologies for absence were received from Councillors Deinali, Lines and Miller.

2 Substitute Members

Councillor L Fenwick for Cllr S Deinali, Councillor C Varty for Councillor J Miller and Councillor A Watson for Councillor C Lines

3 Minutes

The minutes of the meeting held on 1 December 2023 were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

There were no declarations of interest.

5 Medium Term Financial Plan (14) 2024/25 to 2027/28

The Board considered a report of the Corporate Director of Resources which provided an update on the development of MTFP(14), covering the period 2024/25 to 2027/28 and on the development of the 2024/25 revenue budget

in the light of the Chancellor of the Exchequer's Autumn Statement in November and the provisional local government finance settlement published on 18 December 2023 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services provided an update on the financial forecasts which built on the figures previously considered by Cabinet in October, together with the outcome of the MTFP(14) budget consultation process. He also detailed some amendments to savings plans after consideration of consultation feedback as well as some additional savings options that had been developed. The report went on to outline recommended changes to the Council Tax Empty Property Premium Charge Section 13A(1)(c) Reduction Policy, in line with proposals to apply additional Council Tax premiums for those properties classed as long term empty from 1 April 2024.

The Head of Corporate Finance and Commercial Services said that officers had been planning for the worst case scenario and that unfortunately this scenario had materialised. He referred to the heavy lobbying taking place in central government via the CCN and other local government bodies for additional funding to be approved.

He advised that there was to be a 2% reduction in employees national insurance applied from January 2024. If this was pointing to a May general election then it would be good news in terms of the timing of a future comprehensive spending review. However, if a general election was held in October 2024 the comprehensive spending review was unlikely to take place until 2025 and therefore we would receive another one year settlement in 2025/26. The national living wage had been increased by 9.8% putting an added £13 million pressure onto the budget.

Moving through the report the Head of Corporate Finance and Commercial Services highlighted the reduction in Services Grant, the new homes bonus, reduction, core spending power, business rates, academisation of schools and the pressures in Children's Services.

In conclusion the Head of Corporate Finance and Commercial Services said that in order to meet the necessary savings highlighted in the funding gap for 2025/26 of £19.968 million and to balance the budget, planning for MTFP 15 would commence after this current budget was considered by Council in February.

Councillor Jopling was concerned about the council tax increase and the pressures that would place on the public. She asked if there was an alternative and what the ramifications of not increasing the council tax would have. She asked if it would be irresponsible for members not to agree the budget. She understood the need to balance the budget but was concerned

about the potential increase. The Head of Corporate Finance and Commercial Services advised that officers had produced a balanced budget but this assumed a 4.99% increase in council tax and still required reserves to be used to balance the budget. The council still had a robust council tax reduction scheme in place. With the increase in national living wage, increase in pension triple lock and inflation coming down, indicators showed that an increase in council tax should be affordable. He advised that in order to make savings to protect frontline services the maximum increase in council tax was recommended, and he advised that in his opinion it would be inadvisable to go against the S151 Officer's advice. The Chair reminded members that the Corporate Director of Resources who was the S151 Officer would be speaking to all members about the budget shortly.

The Chair spoke about the systemic faults in the way in which local authorities were funded and passing the tax burden onto the people in our communities by way of Council Tax rises. The Chancellor of the Exchequer's £20 billion fiscal headroom would be utilised to finance tax cuts and the government had put a block on income tax rates. He was concerned that people were struggling to get by and it had been recognised by LGA/CCN/SOLACE/SIGOMA that we could not keep going on in the way. He referred to the letter signed by some MPs, instigated by Ben Bradley, MP who were critical of the local government settlement and were asking for more funding for local authorities. The Chair felt that this should have been done years ago and many councils were at a critical point, using reserves to fund day to day services of the council. He felt that many councils were facing a brick wall but that the public also needed a break from the constant increases whilst dealing with cost of living. He understood that it was hard to try to explain to the public about why the council tax needed to increase but that the government needed to listen and increase funding to local authorities. The Head of Corporate Finance and Commercial Services explained that the final financial settlement was still to come. He noted that the 40 conservative MPs had signed a statement saying that local authorities needed further funding. There was a possibility that funding had been held back could be forthcoming, however, pointed out that we required £10 million savings now. He went on to re-assure members that the council was financially well run with £28 million in general reserves and £20 million MTFP support reserve.

Councillor Heaviside referred to a comment made by Councillor Marshall asking what conservative MPs were going to do to lobby government and was pleased to see that lobbying had now taken place with the 40 MPs signing a letter but pointed out that Kevan Jones MP for North Durham had refused to sign the letter. The Chair understood that this had been an internal matter for the conservative MPs and that it was a matter for the Office of Kevan Jones MP.

Councillor Jopling said that there was a need to look forward and not keep looking back but with the council tax increases more difficult decisions would need to be made. She was assured that the council were very good at protecting the most vulnerable and looking after its residents.

The Chair agreed that it was difficult to look forward when one year settlements were being received year after year and were systematically underfunded.

The Head of Corporate Finance and Commercial Services said that he had no idea what the settlement would look like for 2025/26 but that this council would identify the £20 million savings required by planning for the worst scenario. Officers would continue to ask members to deliver a balanced budget but it was inevitable that councils would start hitting the wall financially if funding did not improve. He went on to say that the council was nowhere near bankruptcy but that many difficult decisions would need to be made and longer term financial settlements were required.

The Chair commented that the Council had scrutiny financial and scrutiny audit function systems in place and were planning on building closer links between the two to add value to the processes.

Councillor Fenwick asked if the Council were back in austerity and asked where the savings were going. The Head of Corporate Finance and Commercial Services explained that since 2011 when government slashed funding and grants were cut there was a savings target in MTFP 1 of £123 million. The council were not facing major base budget pressures in that period however there were pay restraints in the public sector. The need to make savings at this time was therefore based upon funding reductions. The position now is that the Council are receiving government grant increases but these were not sufficient to cover the major budget pressures faced due to high inflation and significant increases in demand for council services

Councillor Watson commented that permissive areas were always hit. He referred to the adult social care grant, local housing benefits, the pension triple lock and precepts and asked if this was incorporated into the 5% limit on council tax increase. The Head of Corporate Finance and Commercial Services advised that a 4.99% council tax increase was being proposed within the budget and that there was no benefit to the council for the triple lock, adding that people would receive an increase to income next year.

Further to questions from Councillor Watson about the levy position and school academisation, the Head of Corporate Finance and Commercial Services explained that when a school changed to an academy the Council lose the business rates in those circumstances. He added that the council managed savings and had to be efficient wherever possible. For adult social

care investment was made in enablement services to allow people to live longer in their own homes and the Council had never overspent in the adult services budget. He informed the board that a recent CIPFA review of financial arrangements had scored us 3.25 out of 4 demonstrating the good audit and scrutiny arrangements in place. This would be reported to Audit Committee in February.

In response to a question from Councillor Reed on housing development and higher banding of council tax, the Head of Corporate Finance and Commercial Services explained that the council tax base increased when new houses were built and occupied. At the same time if additional people claimed council tax support then the council tax base reduced. Next year the increase of £850,000 in the tax base was nowhere near the government's assumption of £3 million.

In response to a further question from Councillor Reed about using good quality products locally the Head of Corporate Finance and Commercial Services explained that investing in regeneration within the county also maintained work in the county. There were commercial risks such as the County Hall site but it had been proven businesses could be attracted into the county at Jade and Netpark.

Councillors Hovvels and Varty left the meeting at 10.45 am

Councillor Johnson commented that it was hard to explain to people why council tax was increasing when services were being cut and he believed that the whole system was fundamentally broken. He understood the need to raise council tax as having to save an extra £13 million if we did was not feasible. He asked what had and had not worked for other local authorities when making these decisions. The Head of Corporate Finance and Commercial Services said that over 3,000 posts from the council had been lost and he understood that decisions were difficult but not impossible. Regarding the council tax base some councils had much larger taxbase with higher band properties and that a 4.99% increase would make a huge difference to some local authority areas. Some areas had also seen big increases in business rates with SIGOMA asking for a business rate reset of that which could result in £8 - £9 million benefit. If council tax was not increased then another £13 million would be lost. He did compare and contrast with other councils and used benchmarks when costing out services. He added that if core spending power was higher than the average this would make a huge difference. The forecast was to be agreed at Council and until any financial certainty was given the Council would need to protect the balance sheet until a long term settlement was received.

With regards to savings and efficiencies Councillor Surtees was concerned that over 3,000 jobs had been lost and not being replaced and therefore

thereby diminishing services and not delivering in the way they should be. She added that we could end up with nothing but statutory services being delivered from the council and that in order to set a balanced budget we needed to raise council tax. Councillor Surtees was concerned that the cuts to services going forward could push people further into poverty. She was also disappointed that the council still did not have a final settlement. In response the Head of Corporate Finance and Commercial Services again referred to the heavy lobbying taking place with CCN and SIGOMA delivering a consistent message that councils needed more funding. He added that a fair funding review could also pit councils against each other when fighting for money as a sector.

Councillor Elmer referred to the expansion plans of the university in Durham and the amount of student tenants who would be exempt from paying council tax, and asked if landlords had to pay business rates on their properties. The Head of Corporate Finance and Commercial Services said that this was an issue in any town or city where there were students as there was an inability to raise council tax from these tenants.

Adding to this Councillor Stead asked if we the Council could lobby the Secretary of State about business rates incurred as we were essentially losing £8.5 million due to student housing. He thanked officers and the board for the positive report where everyone's ideas had been pulled together through difficult decision making, especially when so many councils were on the brink of collapse.

The Head of Corporate Finance and Commercial Services explained that S114 notices had been issued by some council due to their commercial decision making activity and assured members that our investments had been made in the county such as Jade and Netpark, creating jobs in the county and being prudent. He understood that many councils were relying on a fair funding settlement which had not materialised. He informed members that some councils were being allowed to increase council tax more than the referendum level and some were selling off their assets in order to make any savings and being permitted to turn these capital receipts into a revenue stream. Some councils were also borrowing as short term fixes. He assured members that Durham was nowhere near this predicament and said that elected members had a good track record of making difficult decisions.

The Chair concluded that the direction of travel showed depleted reserves and services reduced, and confirmed that comments would be fed into the final council budget report in February.

Resolved:

That the content of the report and comments made be noted and referred to the Cabinet meeting scheduled for 14 February 2024.

6 Poverty Action Steering Group Annual Report

The Board considered a report of the Corporate Director Resources which gave an update on the following areas of poverty issues:

- (a) The most recent welfare, economic and poverty indicators for the county;
- (b) Core expenditure (funded by both central government and from council budgets) which specifically supports poverty related activities and enables support to be delivered to vulnerable households by the council and key partners;
- (c) Progress of the council and partners in addressing and alleviating poverty, including actions delivered in line with our poverty action plan and the support given in response to the financial impact of the cost-of-living crisis on our vulnerable households; and
- (d) Priority actions to be progressed during 2024/25, as previously approved by Cabinet, which continue to reflect changes in the current poverty landscape, intelligence / learning over the last year and build on successful delivery to date.

(for copy see file of Minutes).

The Head of Transactional and Customer Services gave a detailed overview of the report highlighting the key objectives, support mechanisms in place, initiatives, the organisations involved, the increased demand for services, and the level of support and funding given. Appendix 2 of the report showed delivery for the new financial year.

Councillor Elmer referred to the welcome spaces and the promotion of Brandon Library to be used by residents. He thought that the scheme was a great idea but a resident had reported to him that the staff were not aware of the scheme and that the opening hours were the same as the library hours so time limited. He asked that as the scheme continued that staff training and consideration of other venues, such as the sports centre, which was open longer hours, already heated and would be better able to cope in emergency situations. The Head of Transactional and Customer Services would take those comments back as evaluation and feedback was important to learn from.

Councillor Andrews said that the biggest problem she was aware of was getting volunteers to deliver sessions. The Head of Transactional and Customer Services said that this was the same across many organisations

and reviewing the voluntary scheme would be looked at. Looking at council led activities would also be fed back.

Councillor Charlton had three or four welcome hubs in her division with two of those serving a hot lunch. Those people attending had never been in some of the buildings used prior and were now joining other groups as a result of this. She said that these hubs were a success and hoped they continued to be so as they were a great way of bringing people together.

Councillor Reed said that the Bread and Butter thing was an excellent project open to everyone and she asked if this would be expanded and if the quality and quantity of food provided was monitored. She also asked if there was a cost to it. The Assessment and Awards Manager explained that monitoring of the quantity and quality of food was ongoing and the edible/shelf life being looked into. He added that there was no ongoing cost to the Council for this project.

Councillor Charlton left the meeting at 11.30 am

Councillor Jopling asked how welcome spaces hubs could be promoted especially to the elderly who would not rely on social media. The Head of Transactional and Customer Services said that this was challenging and that they had a multi-channel approach to support this. Leaflets promoting the scheme had been shared with charities, social workers, Durham County News, GP surgeries, stakeholders and other organisations. Work was underway with the Welfare Rights team to look at other routes but all feedback would be taken back. Councillor Jopling suggested supermarkets and local shops could be a good way to capture an audience.

Councillor Batey thanked the officers for the very sobering report and also shared concerns on the impact to communities due to austerity and cuts versus the support available. She was pleased to see that the warm spaces hubs had been rebranded to welcome spaces. She asked if people knew that they had to apply to become one of these hubs as most community centres etc were ran by volunteers. She would like to involve young people the opportunity with the hubs and asked if any thought had been given to them receiving accreditation for volunteering work. She was willing to test this within the community centre in her division.

Councillor Surtees left the meeting at 11.40 am

The Chair asked Councillor Batey to develop this conversation with the officers.

Councillor Shield, Cabinet Portfolio for Equality and Inclusion commented that The Bread and Butter initiative had been successful and had operated in

110 hubs across the County. The quality of food had been acknowledged by the Chief Executive. The welcome hubs were not just about warmth but also about providing social engagement and word of mouth was the best way to promote it.

Resolved:

- (a) That the progress being made by the council and its partners in addressing the impacts of poverty and the wider issues including the ongoing impacts of the cost-of-living crisis, be noted;
- (b) That the actions for priority progress during 2024/25 detailed within the report and previously approved by Cabinet, which continue to reflect changes in the current poverty landscape, learnings in the last year and build on successful delivery to date, be noted.

7 Quarter Two, 2023/24 Performance Management Report

The Board considered a report of the Chief Executive which provided an overview of progress towards delivery of the key priorities within the Council Plan 2023-27 and covered performance in and to the end of quarter two, 2023/24, July to September 2023 (for copy see file of minutes).

The Corporate Policy and Performance Manager highlighted some key areas of the report including staff sickness, finance, contact from members of the public and the big challenge of recruitment affecting areas such as social workers, planners, environment health.

The Chair referred to the shortage of educational psychologists and the delays surrounding the completion of education and health care plans (EHCP). The Principal Overview and Scrutiny officer advised that the matters would be discussed at a special Children and Young People's Overview and Scrutiny Committee on 25 January 2024, including the pressures facing the council undertaking the EHCP assessments.

Referring to Domestic Waste, Councillor Watson asked how the figures were being achieved. The Corporate Policy and Performance Manager replied that operational issues and maintenance problems with the waste disposal company had led to less waste being processed by the energy from waste plant and more waste being diverted to landfill. These have now been resolved by the contractor and operations are returning to normal.

Councillor Andrews asked about approaches to 'grow our own' for roles like social workers. The Corporate Policy and Performance Manager made reference to the County Durham Care Academy that we set up to offer a range of courses for people wanting to work in or who already work in children's or adults social care.

Resolved

That the overall position and direction of travel in relation to quarter two performance, and the actions being taken to address areas of challenge, be noted.

8 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 were the following:

- Medium Term Financial Plan - Details of Provisional Finance Settlement
- Leisure Transformation Programme
- Spennymoor - Long Term Plan for Towns

Resolved:

That the content of the report be noted.