

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Tuesday 21 January 2025 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors V Andrews, A Batey, J Charlton, B Coult, S Deinali, J Elmer, P Heaviside, L Hovvels, M Johnson, C Lines (Vice-Chair), C Martin, E Peeke, K Shaw, M Stead and A Sterling

1 Apologies for Absence

Apologies for absence were received from Councillors A Reed, A Surtees and K Hawley, C Hunt, L Maddison, C Marshall, J Miller, B Moist, A Reed, A Surtees, R Yorke and S Zair

2 Substitute Members

There were no substitute members.

3 Minutes

The minutes of the meeting held on 9 December 2024 were confirmed as a correct record and signed by the Chair.

4 Declarations of Interest

There were no declarations of interest.

5 Medium Term Financial Plan (15) 2025/26 to 2028/29

The Board considered a report of the Corporate Director of Resources which provided an update on the development of MTFP (15) covering the period 2025/26 to 2028/29 and 2025/26 revenue budget which had been considered by Cabinet on 4 December 2024 (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services provided a detailed update on the 15 January 2025 Cabinet report following more

detailed analysis of the announcements made in the Chancellor of the Exchequer's Autumn Budget Statement on 30 October 2024, and the publication of the provisional Local Government Finance Settlement on 18 December 2024.

Several changes had been made to the Council's financial planning assumptions, which would be reflected in the final budget report presented to Cabinet on 12 February 2025, in advance of full County Council considering and approving the Council's budget and MTFP on 19 February 2025, where final decisions would be made.

The Head of Corporate Finance and Commercial Services explained that a number of changes had been included in annual assumptions but there would still remain a gap. An increase in council tax at 4.99% would be proposed, including the 2% adult social care precept. The results from the consultation which ended on 17 January would be fed back into the next Cabinet report. There were concerns about the rising national employer insurance costs. This would impact suppliers and providers. The revised assumptions were shown at Appendix 3. Overall, there was still a gap in the funding required of £23 million and that would be shown whilst planning for MTFP16 continued. The government had committed to undertaking a Fair Funding Review to look at how local authority funding was distributed.

The local government finance settlement was highlighted in paragraph 10 of the Cabinet report, including

- Core Spending Power increased by 6%,
- £600 million new recovery grant for local authorities who were challenged by high levels of deprivation and low council-tax raising ability
- new specific grant – the Children's Social Care Prevention Grant – which was intended to allow local authorities to identify additional solutions to manage demand and cost pressures in children's social care provision
- withdrawal of the Rural Services Delivery Grant
- funding of £515 million nationally to compensate authorities for the increase in Employer National Insurance Contributions (ENICs) on directly employed staff, but allocations would not be confirmed until the final Local Government Finance Settlement was published in late January/early February
- Extended Producer Responsibility allocation was £9.8 million
- additional Homelessness and Rough Sleeping Funding for 2025/26 totalling £1.149 million, increasing the specific grant funding we would receive next year to £4.340 million.

A broad summary of the updated cost assumptions was outlined in paragraph 11 of the Cabinet report.

Councillor L Hovvels joined the meeting at 9.50 am

Finally, the Head of Corporate Finance and Commercial Services advised that there remained a budget deficit of £3.2 million next year and a forecast budget deficit/additional savings requirement across the MTFP(15) planning period of £45.778 million which would require further savings to be found to ensure the Council could balance its budget.

The Chair said that although the funding increases were positive we still faced huge pressures and he looked forward to the opportunities from the Comprehensive Spending Review (CSR) and the Fair Funding Review (FFR). He asked if there would be many changes to the budget report in February, bearing in mind savings had been identified by Heads of Service. The Head of Corporate Finance and Commercial Services confirmed that he was not expecting there to be many changes to the report.

Councillor Martin said that this was a positive report as could have been much worse financially. He agreed that we still needed to be cautious as deficits and savings were monitored as we were still underfunded by £22 million. He thanked the officers for the clearer understanding of the changes to the budget shown in Appendix three. With regards to the transformation programme and the reported £3 million a year for three years to fund this, and asked if the savings and cuts identified would be worth paying this in the first place. The Head of Corporate Finance and Commercial Services explained that we needed to spend money on social care and that the children's social care grant had not been set out which would take us back down to the level of extra grant set out in the budget. The challenges around adult social care also remained. Therefore, the transformation discretionary spend would bring us down to the level compared to other local authorities. On the investment side transport and AI had untapped efficiency savings and we would invest this to make services more effective.

Councillor K Shaw joined the meeting at 10.00 am

The Chair added that we needed to spend money to make improvements and we did save more than some authorities. It was important to have our services in a much better position going forward.

Councillor Stead agreed that Appendix 3 was much better at being able to track changes. He asked how the changes to national insurance contributions would affect us. The Head of Corporate Finance and Commercial Services explained that so many more people would be affected by this and we had £8.3 million, 30% of our employer costs to cover. Additional funding would be announced but at this stage it was unknown if this would cover the extra costs. Cost pressures and the increase to the

national living wage would affect the overall wage bill. The Council were working with providers and suppliers to understand the affect this would also have on them and he assured members that this would be monitored closely up to MTFP 16.

Councillor Stead that the presentation had been positive but he was concerned about small businesses and the affect this would have on unemployment as decisions would have to be made to shed staff or charge customers more.

The Chair commented that the single year settlement did not help the situation and longer term funding would add flexibility through CSR and FFR.

Councillor Deinali asked for the opportunity to look at actual spend in previous years and what was forecast to be able to better understand the budget pressures. The Head of Corporate Finance and Commercial Services explained that quarterly reports showed the future MTFP growth and any extra costs would be a direct result of government announcements. He added that new councillors from May would need to have a better understanding of the financial position as £270 million of cuts had been made over 14 years and it was a fast changing position we faced. Over the last six years spend in children's social care had increased massively, plus the increase of costs in home to school transport.

The Chair added that induction sessions for new members would include information to track what had been achieved and what still needed to be done.

Councillor Elmer asked how the government were likely to carry out the fir funding review as how it as currently funded was so out of date. Would they look at council tax valuations, business rates and the fairness of how funds were distributed throughout the County or would it just be a distribution of funds. The Head of Corporate Finance and Commercial Services said that it was unlikely for the existing system of council tax would change and how we charge for that. It would more likely focus on redistribution measures and this would be updated in the February Cabinet report. The causes of spending pressures including deprivation, rurality, children, and adults social care would be the key scope of the review. Government may look at areas of responsibility that currently sit with local government such as public health and the commissioning of social care but at this stage we were not sure what that would entail.

The Chair informed the Board that the 12 February Cabinet report would provide any further details which would then be reported to full Council. This Board would be given the opportunity to comment further on 13 February.

Resolved:

That the content of the report be noted and that comments be forwarded to Cabinet for their consideration.

6 Quarter Two, 2024/25 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 2024/25, July to September 2024 (for copy see file of minutes).

The Corporate Policy and Performance Manager presented a detailed report and highlighted some key areas including jobs, investment, waste, pressures in children's social care, domestic abuse, free school meals and council tax reduction.

Referring to the Carbon Emissions dashboard within the report, Councillor Elmer said that not much a dent had been made since 2011, with no change in the transport figures. He said that this was a key area that we needed to make progress in. This would be reported back to the service.

Councillor Batey requested a further breakdown between the three cinema and theatre premises shown on page 97 of the pack of papers, as she was aware of the implications due to the closure of the Empire Theatre. She also asked for clarification on the park and ride figures shown in paragraph 114 of the report.

The Corporate Policy and Performance Manager would ask for further details on the premises data, and said that there had been some issues with the way the park and ride metrics had been taken and had not been reliable over certain quarters. Alternative measures were being looked at.

The Chair suggested that questions around the theatre and cinema premises be raised at the EEOC meeting but recognise that due to the closure of the Empire Theatre the figures looked distorted.

Councillor Andrews raised concerns about the bus services from Consett and understood that the local MP had met with Go North East to address the issue. It had been reported that electric vehicles had been affected by the recent weather and salt on the roads.

Councillor Charlton added that this had been a problem from the Stanley area too with people not being able to get to work and students not being able to get to college.

The Corporate Policy and Performance Manager would report this back to the service and look at the specific issues.

Councillor Shaw commented that it was disappointing that sites for affordable homes within the County were not being achieved due to development reasons. He asked if there were any problems with capacity in the service to deliver this. The Corporate Policy and Performance Manager advised that developers were not coming forward with viable sites and as the authority had to double housing delivery this was being looked at.

Councillor Shaw was disappointed on the empty homes data and said that conversations needed to be had around addressing this.

Councillor Elmer said that lot of the blame for affordable housing had been placed with the planning authority and processes however schemes were not being brought forward by developers which was the main concern.

The Chair thanked the members for their valid concerns and asked that this was fed through the County Durham Plan review.

Moving back to transport, Councillor Hovvels was concerned that people were left isolated at home when no buses were available and was also concerned about people not being able to get to work and college, but that this had been a problem for some time. She also agreed with the increasing problem around empty homes and the link with the Police and associated risks of anti-social behaviour. She asked that this area of work was re-visited.

Councillor Coult also expressed concerns around bus services and the fact that school children were also missing out on their education by not being able to get to school. With regards to empty homes, she could see that a lot had been done and improvements had been made. She said that housing from private landlords and the quality of homes often left us powerless to help.

The Chair commented that anti-social behaviour and selective licensing issues had an effect on businesses and schools.

Referring to the Empire Theatre she said that she as aware that the venue was losing revenue at every show as they ran out of refreshments. She asked that when the service were looking at cultural venues they considered that it was not just about visitor numbers but also about potential sales.

Going back to the transport issues, Councillor Batey echoed Councillor Coult's concerns about school children not being able to get to school as in her area the schools were not within walking distance.

Councillor Stead added to this argument and stated that bus drivers did not get paid enough and therefore struggled with staffing numbers. He went on to talk about empty homes and asked if the Council had secured the additional funding for transport. The Head of Corporate Finance and Commercial Services advised that there was an extensive programme for temporary accommodation and that the additional funding had not yet been secured.

Councillor Shaw commented that when tenants were evicted by private landlords they found it difficult to get back onto the register for social housing. Buying back properties to meet those needs could solve the problem from both aspects.

Councillor Coult referred to a presentation on empty homes in 2022 and at that time it was reported that the figure was 10991.

The Chair referred to the increasing number of parents choosing elective home education and was worried about those children who could slip through the net, especially given the recent media stories about safeguarding not being met. He asked if the numbers could be looked at in more detail, looking for any particular trends.

Councillor Sterling had personal experience of home education and often found that if needs were not being met at school, parents had no choice.

Referring to bus patronage, Councillor Lines said that the figures showed the percentage of use for each service but it should be recognised that there were fewer services. It was important to understand the regional perspective through NECA. With regards to housing, he understood that developers would want to make the most profit from a site but in areas such as Sedgefield where it had already exceeded the growth from the County Durham Plan, more plans were coming forward for further development. He said it was important to look at where housing was needed not just where developers wanted to build.

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.

7 Notice of Key Decisions

The Board considered a report of the Director 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:

- Strategic Place Plans: A vision for Durham City and wider programme roll out

Resolved:

That the content of the report be noted.