

## DURHAM COUNTY COUNCIL

### CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of **Corporate Issues Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Monday 14 October 2013 at 9.30 am**

#### **Present:**

**Councillor J Lethbridge (Chairman)**

#### **Members of the Committee:**

Councillors J Alvey, J Armstrong, L Armstrong, P Crathorne, K Henig (Vice-Chairman), E Huntington, N Martin, P McCourt, A Shield, T Smith, L Taylor, M Wilkes, S Wilson and R Young

#### **Also Present:**

Councillors J Blakey, J Shuttleworth and R Todd

#### **1 Apologies.**

Apologies for absence were received from Councillors J Buckham and P Stradling.

#### **2 Substitute Members.**

There were no substitute members.

#### **3 Minutes of the Meeting held 19 September 2013.**

The minutes of the meeting held on 19<sup>th</sup> September 2013 were confirmed as a correct record with the amendment to paragraph 10 of page 2 so that it reads:

Councillor Wilkes commented that he did not feel that this option gave sufficient time for members to go back to their parties to discuss in more depth.

#### Matters Arising

- (i) Members were advised that a meeting had been scheduled to take place on 15 October to discuss the Budget Consultation. Nominations were invited.
- (ii) Information as requested at the last meeting relating to appraisals and sickness absence would be picked up in the Quarter 2 Performance Report at the next meeting.
- (iii) The terms of reference for a task and finish group focussing on Customer Services would be brought to the next meeting of the Committee.
- (iv) Complaints Feedback - to be brought to the next meeting.
- (v) Information as requested by Councillor Wilkes at the previous meeting regarding the capital programme had been provided.

#### **4 Declarations of Interest, if any.**

There were no declarations of interest submitted.

#### **5 Medium Term Financial Plan (4), Council Plan and Service Plans 2014/15 - 2016/17**

The committee considered a report of the Corporate Director, Resources which provided an update on the 2014/15 Budget and the Medium Term Financial Plan focussing upon the impact of the 2015/16 Spending Round and 2014/15 and 2015/16 Local Government Finance Settlement Consultation (for copy see file of Minutes).

The Head of Finance (Corporate Finance) in referring to the Executive Summary of the report advised that following the last report the level of savings the Council needs to deliver had increased significantly. It was noted that in MTFP1 the council had forecast that £123m of savings would be required over a four year period. Savings of £222m were now expected to be required for the 2011-2017 period, £20m higher than the sum previously reported to Cabinet in July,

Further details were reported in relation to employee post reductions and the impact upon the MTFP Redundancy and Early Retirement Reserve.

Moving on the report further provided detail on the 2015/16 Spending Round published on 26 June 2013 and subsequent 2014/15 and 2015/16 Local Government Finance Settlement Consultation. This consultation detailed average real term funding reductions of 15% in 2015/16 rather than 10% as had been initially anticipated.

Paragraph 14 onwards detailed the key areas that would be impacted upon including Revenue Support Grant, Education Services Grant, New Homes Bonus and Social Care Funding. The report further detailed information as to how the settlement would impact upon future years spending.

The Head of Finance then went on to detail the MTFP4 impact and adjustments which had been made following the Finance Settlement Consultation and Spending Round including adjustments to Town and Parish Council RSG, Business Rate/Top Up Grant RPI increases and the New Homes Bonus. In conclusion he advised that following adjustments and including the £15m savings target, the shortfall across the MTFP4 timeframe totalled £63.068m.

He further advised that having taken into account the new savings targets as identified, the total level of savings required by the council for the six year period 2011/2017 was £222M, 51% of which being achieved by the end of 2013/14.

The Head of Planning and Performance then went on to advise on the forthcoming budget consultation and provided detail regarding the review and refresh of the Sustainable Community Strategy, Council Plan and Service Plans, and preparation of equality impact assessments in relation to MTFP savings.

Councillor Wilkes then raised a query regarding Town and Parish Councils and whether anything could be done to encourage transparency within parish councils in advertising their accounts and providing justification for any increases in their precept. He therefore suggested that parish councils should be asked to provide copies of their accounts to Cabinet.

The Head of Finance (Corporate Finance) advised that legislation was currently being worked upon which would in future, if passed, prevent parish and town councils from imposing high increases, however this would only apply to those with a budget over a certain amount. It was suggested that further discussions regarding this matter should take place with the Durham Association Parish and Town Council Executive Officer.

Councillor Martin asked for some clarification regarding education services grants and whether the money would be given back to schools. In response the Head of Finance advised that funding would be partially split between the council and academies. In response Councillor Martin added that it was therefore important that the council provided attractive services to schools.

Further discussion ensued regarding the New Homes Bonus and how this would be administered by Local Enterprise Partnerships (LEPs). The Head of Finance advised that the council would do everything possible to ensure that money from the LEP was brought back in to the council. He did however report that at this stage there were a number of unknowns regarding this funding and how it could be utilised.

Councillor Wilkes with reference to the New Homes Bonus queried why the council factored no new house builds in the MTFP, as new properties would increase the council's tax base and generate more income for the council. In response the Head of Finance advised that the council brought in £176M per year through council tax. However it was reported that the council did not build in any assumptions in to the MTFP, due to issues such as land banking and slow moving land sales.

Further discussion ensued regarding the amount of money which had been generated through new homes and deducted from savings in previous years. Councillor Wilkes asked whether details could be provided as to how much additional council tax income had been collected from the increased number of homes excluding any government deductions.

**Resolved:**

- (i) That the content of the report be noted.

**6 Overview of Building and Facilities Maintenance, Direct Services:**

The Committee considered a report and presentation of the Corporate Director Neighbourhood Services which provided an overview of Buildings and Facilities Maintenance (BFM): its budget, functions, achieved savings and value for money activities to date (for copy of report and slides of presentation see file of Minutes).

The presentation further detailed key areas are of business, examples of work, performance and benchmarking. Particular reference was made to a independent report for Durham Housing commissioned by Savills, which confirmed that the service was a 'high

performing maintenance service' and furthermore that they believed that the DLO offered value for money.

The Corporate Director Neighbourhoods further went on to discuss external contracts and income. In addition he advised that building services had returned an average of £1.5M to the Council in each of the last 2 years which was utilised to support other council services across the MTFP period.

Moving on the presentation went into further detail regarding the workforce and the work that had been undertaken to ensure flexibility within the service alongside demonstrating value for money. He further advised that there were strong links to other departments within Neighbourhoods Services and across the council and these were crucial to business.

In conclusion the Corporate Director provided a summary which highlighted the following:

- Building services return a surplus for the Council which is reinvested in other activity.
- Operates under a mixed economy, where 57% of suppliers and services were external in 2012/13.
- Benchmarking data showed that service was operating well, however continued to look for cost reductions.

Discussion then ensued regarding sickness absence and it was noted that there was an error within the slides. The absences due to accidents had been reduced by 78% not 445% as stated. The Head of Direct Services advised that in 2010/11, 1415 days had been lost in comparison to 318 days in 2011/12.

Councillor L Armstrong commented that the service may be able to look at further income generation from securing external contract works for other authorities who had faced cuts in their services. In response the Corporate Director Neighbourhood Services advised the service were currently talking to other authorities to assess need, if any, including Gateshead Council. Further assessment of any income opportunities would be made.

Moving on to discuss benchmarking and apprenticeships Councillor Smith asked why benchmarking was being done against Gateshead. In addition, queried how many apprentices were employed by the service. In response the Corporate Director Neighbourhood Services advised that the service benchmarked against those authorities within the same family group across the Country and not just against Gateshead. In addition he advised that there were approximately 8-12 apprentices going forward within the service.

Councillor Martin then raised a query with regard to the profit margins of the service and asked how much of the income generated was from outside of the council. In response the Corporate Director Neighbourhood Services advised that he could not provide details at the meeting but could however confirm that there were some significant contracts held. In addition he advised that a lot of the work carried out by the service was in relation to capital works which generated significant revenue in turn producing genuine surpluses. Councillor Martin therefore requested that detail on these figures be provided to members as he felt that this was important in determining the MTFP and what support could be offered to services in the council, from the income generated.

Councillor Wilkes queried whether there were any plans to outsource and further services in the future. The Corporate Director Neighbourhood Services advised that the service was operating within a mixed economy and goalposts were frequently changing, however the service would be continually reviewed to ensure value for money was being achieved.

With reference to building assets, Councillor Wilkes commented that the council was anticipating to make £300k savings from their 705 buildings. However he did not feel that this target was high enough and further rationalisation of the council's property portfolio should be made, to maximise savings in these areas.

The Corporate Director Neighbourhood Services advised that the council remained absolutely focused upon achieving savings and assured that the council were committed to achieving those savings identified.

**Resolved:**

- (i) That the content of the report be noted.

**7 Update on the Recommendations of the Light Touch Review of Telephone Calls:**

The Committee considered a report of the Assistant Chief Executive which updated Members on the Corporate Issues Overview and Scrutiny Committee on progress made against the recommendations from the Light Touch Review of Telephone Calls carried out in 2012 (for copy see file of Minutes).

The Head of Projects and Business Services referred to Appendix 3 of the report and provided an update in respect of recommendations and actions. He advised that in relation to recommendation (h) call centres had now been rationalised and were now operating out of two sites. In addition the service were looking at the call centres outside of the contact centres, as many services advertised numbers to the public. He therefore advised that this would be reviewed across the Council.

He further provided an update in respect of the introduction of a workforce management system and the shutdown of legacy switchboard numbers. In addition further work was being undertaken in respect of improving council correspondence in respect of Debtors, Revenue and Benefits to ensure that they are simplified for the customer.

Councillor Armstrong commented that it was appreciated that this issue was ongoing and that the move to dealing with customers at first point of contact had impacted upon the service and its waiting times.

Councillor Smith queried whether any consideration had been given to extending the opening hours of the call centre to allow more flexibility to customers who worked. In response the Head of Projects and Business Services advised that this had been considered when it was forecast that there would be a need, however he did refer to the Out of Hours telephone service to which calls were directed to after 5.00 p.m. for emergencies.

Councillor Wilkes commented that he had encountered a problem with a level 2 complaint he had lodged in July 2013 and the time taken to process. He commented that the complaint had still not as yet been addressed and asked that an explanation be provided as to why there was a delay in dealing with level 2 complaints. The Head of Projects and Business Services advised that there was a significant complaints backlog, however the situation was improving. He further advised that staff had been interviewed last week and was confident that experienced staff had been sourced.

Councillor Lethbridge commented that an overview of complaints performance was on the agenda for the following meeting.

Moving on to discuss call volume Councillor L Armstrong made reference to Rotherham Council and their contract with BT for managing their call centre. In response the Head of Projects and Business Services advised that he was not fully aware of the details of the Rotherham contract with BT. He did however comment that it was very difficult for the service to measure performance and benchmark against other authorities due to the varying nature of how calls were managed.

**Resolved:**

That the content of the report be noted.