

## **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 **Friday 23 January 2015 at 9.30 am**

#### **Present:**

**Councillor J Lethbridge (Chairman)**

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

Councillors J Armstrong, L Armstrong, Carr, K Henig (Vice-Chairman), J Hillary, E Huntington, N Martin, M Wilkes and S Wilson

#### **Also Present:**

Councillors B Graham, A Hopgood and J Shuttleworth

#### **1 Apologies.**

Apologies for absence were received from Councillors G Bleasdale, A Shield, T Smith and R Young.

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

There were no declarations of interest submitted.

#### **3 Minutes of the meeting held 21 November 2014.**

The minutes of the meeting held on 21 November 2014 were confirmed as a correct record and signed by the Chairman.

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

There were no declarations of interest submitted.

#### **5 Medium Term Financial Plan**

The Committee received a joint report of the Corporate Director Resources and Assistant Chief Executive which provided an update on the 2015/16 Budget and Medium Term Financial Plan MTFP(5), the Council Tax base position for 2015/16 and Service Plans 2015/16 to 2017/18. The Committee also received a second report on the MTFP(5) 2015/16 to 2017/18 and the 2015/16 Budget following the Government's Local Financial Settlement announcement on 18 December 2014 (for copy see file of minutes).

The Head of Finance (Corporate Finance) advised that no cuts in addition to the previously announced £40m of funding reductions had been announced in the Autumn statement for

2015/16 however the government were forecasting that further public expenditure reductions would be required in every year up to 2019/20. The statement had also provided some good news in that the doubling of Small Business Rate Relief would continue for a further year into 2015/16.

The Head of Finance continued to provide a summary on the key messages from each report and welcomed questions from Members.

Councillor Martin asked for clarification on cashflow on the model as there was disparity between figures on the tables included on pages 33 and 79 and in particular the provisional settlement details on page 68 being £7m less than that shown in the model.

In addition Councillor Martin noted that there was no mention of NHS funding. In addition he made a comment in regard to price inflation and he noted variances in inflation within services provided by the Council. He therefore suggested that consideration could be given to reviewing the current price inflation rate of 1.5% within the plan against the current inflation rate of 0.5% with a view to identifying further savings.

The Head of Finance (Corporate Finance) advised that the council was receiving significant funding for social care which was being utilised in order to protect social care. With regard to price inflation he advised that although the inflation rates are presently low there is no guarantee that this would continue throughout 2015/16. In addition the 1.5% price inflation allowance had been in place for a number of years when inflation was significantly in excess of that limit. Inflation levels would be monitored throughout 2015/16 to determine if any adjustments could be made to future years budget plans.

A further query was raised regarding cash limit reserve levels and the Head of Finance (Corporate Finance) advised that in the future these reserves would continue to be utilised for ERVR funding. If this reserve was not available to the council, savings would have been achieved less quickly and the council may have found itself in a much worse position at this stage in the MTFP.

Councillor J Armstrong in referring to the welfare provision grant added that the council was correct to plan ahead for the next two years at this stage.

Councillor Wilkes in referencing page 79 of the report asked whether the £500k budgeted for energy price increases was necessary when it was known that energy prices were currently falling and together with a reduction in buildings and staff energy costs should be reduced. He therefore suggested that this figure be reviewed and set at £250k with a view to reallocating the remaining to capital investment.

Councillor Armstrong advised that the question could be put forward for review by Cabinet.

Councillor Wilkes further asked whether it would be possible to review savings from 'Court cost fee income'. Councillor J Armstrong advised that Councillor Napier had already agreed to look in to this matter.

In response to comments raised regarding energy prices the Head of Finance (Corporate Finance) advised that in light of the reduction in oil prices the requirement for additional

budget for Energy is continually under review with adjustment in the council report being a possibility.

Councillor Hopgood in noting the impact to the loss of the £1.9 million welfare assistance grant suggested that if savings could be made from energy price reductions this may enable the council to mitigate some of the loss seen on the welfare assistance grant and place less strain on reserves.

Councillor J Armstrong agreed that this question could be put forward. In responding to comments made the Head of Finance (Corporate Finance) advised that the council have been aware for some time that this grant would be taken away and it had always been the intention to utilise reserves during 15/16 to ensure the continuation of welfare provision.

Councillor Martin in referring to the tables contained on pages 33 and 79 and the resource base, commented that there was a significant variance between the two and suggested that if this money had been moved into reserves then it should be explained so in the report. The Head of Finance (Corporate Finance) advised that it was about recognising the size of the challenge. £3m had been moved into the contingency budget at the beginning of the MTFP process, however now that the council were getting on top of the savings funds from within this budget could be released back into the MTFP during 2015/16 and 2016/17.

Further discussion took place with Councillor Martin on this topic and although he noted that there was significant variance between the two reports the Head of Finance advised that there had be no utilisation of reserves in this case and it was a separate corporate risk budget used which was in place to mitigate any costs associated with flooding or inclement weather..

Councillor Wilkes then commented that he failed to see why some of the savings now identified had not been achieved earlier. In particular he made reference to school transport and capital schemes to replace footpaths to provide safe walking routes for children, negating the requirement and subsequent cost of providing taxi's and buses. He felt that the council could do more in terms of investing to save and suggested that this also be raised with Cabinet.

It was noted that the school transport budget operated in academic years and involved a detailed consultation process which would have to be completed prior to the new school year, therefore this saving could not be achieved during 2015/16 but could potentially be considered within future budgets.

Members further suggested that it may of use in the future to invite portfolio holders to attend these sessions in order to seek further clarification of certain aspects of the budget.

**Resolved:**

That the comments and suggestions of scrutiny be formulated into a formal response and forwarded to Cabinet for their consideration.

## **6 Quarter 2 2014/15 Performance Management Report**

The Committee considered a report of the Assistant Chief Executive which presented progress against the council's corporate basket of performance indicators for the Altogether Better Council theme and reported upon other significant performance issues for the second quarter of 2014/15 covering the period July to September 2014 (for copy see file of minutes).

The Corporate Scrutiny and Performance Manager provided detail on key performance highlights for the quarter including the processing times for new benefit claims and changes in circumstances; more customers seen at customer access points within the 15 minute target; improved call handling and occupancy levels of council owned business floor space.

Members further noted key performance challenges in respect of payment of supplier invoices within 30 days, sickness absence, appraisals and Freedom of Information and Environmental Information Regulations requests responded to within the deadline.

The Chair then welcomed the Head of Human Resources & Organisational Development who was in attendance to discuss further the issues surrounding sickness absence and appraisals.

The Head of Human Resources & Organisational Development proceeded to run through the presentation which highlighted data relating to sickness absence including and excluding schools. It was reported that members would note that days lost had dropped during quarter 3 and was therefore better than those figures presented at quarter 2, however figures were still too high and this was being managed by service managers. The presentation provided details relating to days lost, categories of sickness absence and long and short term absences.

Moving on to performance appraisals it was noted that although the number of appraisals completed in quarter 2 was low, quarter 3 figures showed an improvement at 87% which was above target.

Councillor Lethbridge reminded members at this point that sickness absence was included within the work programme for this committee and would be subject to further in depth review.

Councillor Armstrong commented that during his time on the authority the level of sickness absence had never changed in 15 years. In his opinion the only way it could be improved would be by having an aggressive policy in place and fully assessing where the council was at now and where it wanted to be in the future.

The Head of Human Resources & Organisational Development advised that there was academic data which suggested that there were higher levels of sickness in deprived areas. In addition it was difficult to find comparative or benchmarking data as there were no direct comparisons due to the complexity of the organisation.

She further added that in order to replicate the performance of smaller private organisations the council would have to recreate a small business culture in a large organisation.

Discussion ensued regarding the frequency of managers meeting with staff and how these sessions were crucial to managing staff absences and picking up on any issues in the workplace which may attribute to sickness absence.

Councillor Wilkes commented that his own research had proven that every council who had brought in an external company to manage sickness absence had seen significant improvements in performance and the overall health of the workforce had improved significantly. He further added that many staff did not wish to speak to their managers regarding personal issues which may be attributing to their absences and therefore felt that they could do so with more confidence by contacting an external agency.

He further added in respect of tenant arrears that he wished to congratulate the team for their performance however suggested that the target may now need revising as the team were so far ahead of the current one.

The Head of Human Resources & Organisational Development advised that she had undertaken a similar research to that outlined by Councillor Wilkes however her conclusions did suggest that levels of sickness absence had not altered that significantly. She made reference to the former Durham City Council and the external system they operated noting that their results had not changed following its implementation. The Head of Planning and Performance advised that members could look at this evidence as part of the in-depth review.

The Corporate Scrutiny and Performance Manager advised that the target in respect of rent arrears would be removed from the indicator set following the completion of the transfer of housing.

Councillor Hopgood added that in her opinion the appraisals process was not difficult and the current target of 85% was too low and the target should always be set at 100%. She further suggested that it would be useful to see whether a mechanism could be put in place to see whether those members of staff who had been unfit for work for a period of 1 year or more had been appraised and whether there was anything identified within those appraisals which could have, if managed better prevented the sickness absence occurring.

Councillor J Carr added that it would be interesting to see whether absence was worse in certain service areas and which managers' areas these were. She further be raised a query regarding short unrelated periods of sickness absence. In response the Head of Human Resources & Organisational Development advised that there was data available which could be presented through the review group.

Councillor L Armstrong commented that in his opinion disability related absence could not be treat the same as other areas of sickness and therefore asked how these absences were differentiated.

Councillor Hillary added that in his experience having an effective return to work interview was crucial. In addition he commented that the current appraisal target was simply not

good enough and all staff must be appraised. He did however add that he was pleased to hear that compulsory manager training was being undertaken.

Councillor Wilkes added that he would like to see in the next report the number of managers who had completed training and how their service was performing in terms of sickness absence. The Head of Human Resources & Organisational Development advised that this could be provided down to a certain level.

With regard to return to work interviews she agreed that they were critical in managing sickness absence. Further discussion on this topic could be undertaken during the course of the review.

In conclusion the Head of Planning and Performance advised that all the comments relating to sickness absence would be fed in to the review, with a draft scoping document being presented to the committee at the next meeting.

**Resolved:**

That the content of the report and presentation be noted.

**7 Customer Feedback: Complaints, Compliments and Suggestions Quarter 2 Report 2014/15**

The Committee received a joint report of the Corporate Director Neighbourhood Services and Assistant Chief Executive which presented performance and learning outcomes in relation to Customer Feedback; Complaints, Compliments and Suggestions received for all Council Services during Quarter 2 2014/15 (for copy see file of minutes).

Councillor Hillary in referring to page 113 of the report asked how many replacement bins had been replace at a cost of £20 as it was not clear whether the number of complaints relating to this charge was high or relatively small in comparison to the number of bins issued. He further asked how many of the suggestions that had been received had been wholly or partly implemented.

In response the Customer Relations Policy and Performance Manager advised that she could provide further detail in response to those questions following the meeting.

Councillor Wilkes with reference to page 117 paragraph 72 asked whether of those issues that had been awarded financial settlement if figures could be anonymised and provided to members. In addition he also added that it would be useful for members to be able to have sight of the reasons why a complaint was upheld.

The Customer Relations, Policy and Performance Manager advised that she would take these comments forward to the Head of Legal and Democratic Services however commented that she would likely be of the opinion that Standards Committee was the appropriate place for this information to be considered and therefore would be reluctant to change that process of reporting information. Further discussion took place regarding this issue and Councillor J Armstrong asked that the Head of Legal and Democratic Services be consulted on the suggestions.

**Resolved:**

That the content of the report be noted.

**The Chairman considered the following item of business to of sufficient urgency to warrant consideration because of a recently announced high court decision.**

**8. Sniperley LLP – High Court Decision.**

Councillor Wilkes in referring to a matter raised at County Council pertaining to the judgement of a high court case and a lack of knowledge on this matter by local councillors, asked whether it would be possible to review the way in which backbench members were notified of cases of a certain level of importance, as there currently appeared to be an issue in the dissemination of information.

Further discussion took place regarding his issue and it was agreed that further information on this matter would be sought and reported back to members in due course.