

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 28 September 2015** at **9.30 am**

Present:

Councillor J Lethbridge (Chairman)

Members of the Committee:

Councillors J Alvey, J Armstrong, L Armstrong, H Bennett, J Carr, P Crathorne, K Henig (Vice-Chairman), J Hillary, N Martin, J Rowlandson, A Shield, P Stradling, L Taylor, M Wilkes and S Wilson

1 Apologies

Apologies for absence were received from Councillors B Armstrong, G Bleasdale and E Huntington.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The minutes of the meeting held on 23 July 2015 were confirmed as a correct record and signed by the Chairman.

Matters Arising

The Head of Planning and Performance, Jenny Haworth referred to Minute 5, page 3 of the agenda pack and noted that, in relation to a question from Councillor A Shield in terms of tenants arrears and whether moving to properties with fewer bedrooms was an option, there was discretion within providers to be able to rehouse where appropriate. The Head of Planning and Performance also advised Members that in relation to an issue raised by Councillor L Armstrong in terms of a breakdown of child poverty statistics by electoral division, up-to-date figures would be produced after October 2015 and circulated to Members after this time.

Councillor A Shield noted that the scales used on graphs within reports, namely that as regards sickness absence figures, were such that a large proportion of the graph was empty, with the data being within a narrow band. Councillor A Shield noted that it had been agreed to use a scale that starting at a figure closer to the data values, not at zero, to allow a widening of the scale to give better resolution.

Councillor N Martin noted he disagreed with the idea and believed that it was important to have any graphs starting at zero. The Head of Planning and Performance noted she did not recall any agreement to start graphs axis at a non-zero figure, however, would check as regards this. It was added that the use of zero as a starting point was good practice, to avoid overstating variance. Councillor J Armstrong noted that he believed that it had been a suggestion, rather than a resolution in respect of the graph scales, however, if the Officers could look at the issue and report back to Councillor A Shield in this respect.

4 Declarations of Interest

There were no Declarations of Interest.

5 Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000

The Committee considered two reports of the Head of Legal and Democratic Services. The first report was the annual review of the Council's use of powers and approval of the RIPA policy. The report informed Members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) during the period 1 April 2014 to 31 March 2015. The Solicitor - Governance, Clare Burrows explained that the annual review report set out the types of cases and number of occasions that the powers were used, noting a slight increase in the use of the powers, as a consequence of a greater number of intelligence led investigations. Members noted that there was an amended RIPA policy attached at Appendix 2 to the annual report, with changes marked for Members information.

The Solicitor - Governance explained that the second report was the quarterly report on the Council's use of its powers under RIPA for the period 1 April 2015 and 30 June 2015. The report set out that there had been two new RIPA directed surveillance authorisations, 1 renewal of a directed surveillance authorisation and two Covert Human Intelligence Source authorisations, noting that investigations remain ongoing in relation to two operations regarding the sale of counterfeit tobacco and cigarettes from premises. No formal action is to be taken in relation to the other two cases.

Councillor J Hillary asked whether these reported figures included operations in connection with fly-tipping. The Solicitor - Governance noted that RIPA was for covert surveillance and that overt surveillance is used in connection with fly-tipping, with signage put in place to alert the public of cameras being used to detect such activity.

Resolved:

- (i) Receive the Annual Report on the Council's use of powers under RIPA.
- (ii) Approve the Council's policy on the use of RIPA.
- (iii) Receive the quarterly report on the Council's use of RIPA for the period 1 April 2015 to 30 June 2015 and resolve that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

6 MTFP 6, Council Plan, Service Plans 2016/17 - 2018/19 and Review of the Council's Local Council Tax Reduction Scheme 2016/17, plus an update to the Discretionary Rate Relief Policy 2015/16

The Chairman thanked the Head of Finance - Corporate Finance, Jeff Garfoot who was in attendance to speak to Members in relation to the Medium Term Financial Plan (MTFP) 6, Council Plan, Service Plans 2016/17 - 2018/19 and Review of the Council's Local Council Tax Reduction Scheme 2016/17, plus an update to the Discretionary Rate Relief Policy 2015/16, with the Head of Planning and Performance to speak on some elements of the report (for copy see file of minutes).

The Head of Finance - Corporate Finance noted the report contained a lot of detail as regards MTFP 6 and added that the main issues were the result of the general election and the summer budget, noting that austerity would now continue through to 2019/20. Members noted that this meant a period of 9 years of funding reductions now effectively halfway through the process.

Councillors learned that the forecast for 2016/17 was for a better position than originally thought, however, with the Chancellor announcing Government Departmental reductions of between 20% to 40%, then it would be prudent to predict a 30% reduction for Local Government, which would equate to an additional loss of around £80 million by 2019/20. It was added that the Government's Spending Review would now be announced on 25 November and the Council would then receive details of its financial settlement in December. Members learned that savings that will have been realised since the beginning of austerity would be likely to be in excess of £260 million by 2019/20. The Head of Finance - Corporate Finance explained that there had been considerable work to protect frontline services to make savings through other means such as back office services and that further austerity would likely mean that the significant challenge being faced would begin to affect frontline services.

Members noted that the Council had retained its Local Council Tax Reduction Scheme, one of only two Authorities in the region and it was explained that other issues to note included: a 7% reduction in the Public Health grant; the impact of the National Living Wage on the Council; and the differential between public and private sector wage rises, affecting the cost of services the Council would procure from the private sector.

The Head of Finance - Corporate Finance explained that key adjustments being made to the budget included: prudent assumptions in respect of business rates and Top Up grant; and "net loss" in terms of New Homes Bonus, as this is top-sliced from the Revenue Support Grant (RSG), with it possible that this would continue beyond the Government's original 6 year programme. It was added other adjustments would be in respect of: Council Tax base and Business Rates, and the impact of the National Living Wage, being significant in terms of procured services. Members noted that other budget pressures included: concessionary fares; energy prices; and staff being "auto enrolled" into the pension scheme.

The Committee noted that all Councils were facing pressure in terms of pension schemes, with low interest rates and low prices of stocks and bonds affecting portfolios and investments.

It was explained that taking into account the reduction in the Public Health grant the 2016/17 savings target would be for £27.188 million, with further reports to be presented to Cabinet and Council in this regard.

The Head of Finance - Corporate Finance noted that the MTFP 6 update for 2016/17 – 2018/19 would contain additional assumptions in terms of modelling, namely: a 2% increase in NHS budgets; a 1% increase in the Education budget; Defence and International Aid to increase; and for all unprotected Government Departments to receive the same percentage budget reductions. Members were directed to the table within the report setting out a summary of the revised funding reductions and savings required, noting that the details as regards the assumptions were set out in Appendix 2 to the report.

It was reiterated that austerity would continue through to 2019/20 and that as there would be challenges going forward, there would be a need to consult with the public in order to establish priorities in terms of Council services, with a table within the report showing the re-profiled funding reduction forecasts, taking into account the additional year of austerity. It was added that Durham County Council was in a strong position in terms of its current finances and its level of reserves to be able to have the necessary time to make measured decisions on how to manage funding reductions. Members were referred to the timetable as regards budget setting, noting Cabinet and Council to receive reports in January 2016.

The Head of Planning and Performance referred Members to paragraphs 27 to 33 in the report that set out the approach to the development of the Council Plan and associated Service Plans, developed in parallel with the MTFP to ensure money available aligned with the plans to be put in place. Members noted the proposals in terms of consultation, involving Area Action Partnerships (AAPs) and relevant partners in due course, noting workforce and equality implications to be considered prior to the reporting to Cabinet and Council as previously mentioned.

The Chairman thanked the Head of Finance - Corporate Finance and Head of Planning and Performance and asked Members for their questions on the report.

Councillor N Martin noted that he hoped interest rates would rise, in the context of helping as regards pension deficit, and wondered whether a base build-in of a 2% rise would be reasonable. Councillor N Martin noted that a question had been raised at Parliament as regards the Council Tax exemptions on student houses, and as regards “compensation” that Authorities received in this respect, and that if this were removed by Government would this have an impact on the Council. The Head of Finance - Corporate Finance noted that pension estimates were based upon information from the Council’s Actuary, noting the position was to make prudent assumptions. In relation to Council Tax exemptions, the Head of Finance - Corporate Finance explained that in 2012, the baseline was frozen, with no formula changes until 2020. The Head of Finance - Corporate Finance noted that in the past, formulae had been based upon need.

Resolved:

That the Committee note:

- (i) the forecast funding reductions for 2016/17 to 2018/19 resulting from the analysis of the Summer Budget.

- (ii) the requirement to identify £102.875m of savings across the 2016/17 to 2018/19 period.
- (iii) the approach to preparing the Council Plan and Service Plan.
- (iv) the high level MTFP(6) and Council Plan timetable.
- (v) the approach outlined for consultation.
- (vi) the proposals to build equalities considerations into decision making.
- (vii) that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2016/17, with a further review to be undertaken in Quarter 1 of 2016/17 to inform budget options for 2017/18 and beyond.
- (viii) the revisions to the Discretionary Rate Relief Policy agreed under delegated powers.

7 Quarter 1 2015/16 Performance Management Report

The Chairman thanked the Corporate Scrutiny and Performance Manager, Tom Gorman who was in attendance to speak to Members in relation to the Quarter 1, 2015/16 Performance Management Report (for copy see file of minutes).

Members were asked to note that the volume of customer contacts would be recorded and reported in terms of a rolling 12 month period, similar to sickness absence reporting, in order to smooth out any seasonal peaks.

Councillors noted that some of the key achievements in Quarter 1 included: continued good performance in terms of handling telephone calls, especially in the context of an increase in the number of telephone calls received; reduced footfall at Customer Access Points, noting a reconfiguration of the Customer Relationship Management (CRM) system meant figures as regard customers seen within the 15 minute target would be reported at Quarter 2; and better than target performance sustained for both new benefit claims and change of circumstance. It was added that the collection rate for council tax and business rates had achieved target; the percentage of invoices paid within 30 days had exceeded target; and the Council Plan actions were making good progress with the Iken software management system within Legal Services having been completed ahead of target and the Office Accommodation project being on track.

It was explained that key performance issues going forward included: the employee appraisal rate being below target; sickness levels were still outside of target, though it was noted this was the subject of an ongoing Overview and Scrutiny review; and the Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within deadline had deteriorated and remained below national target.

Members were asked to note that Council Plan actions which had not achieved target were set out from page 91 of the report and included the ongoing development of customer service standards and the development of performance indicators in terms of Welfare Reform, although both areas were being progressed.

The Chairman thanked the Corporate Scrutiny and Performance Manager and asked Members for their questions on the report.

Councillor N Martin noted in regard to Discretionary Housing Payments, there appeared to be an 80% reduction from previous figures and asked whether this was correct or a typographical error. The Corporate Scrutiny and Performance Manager would follow up and confirm the reason for the difference in figures.

Councillor M Wilkes noted page 98 of the report referred to customer contact via “web forms” and asked whether any comparisons could be made with other Local Authorities as he felt that the figures as reported represented a very low percentage. Councillor S Wilson noted that it could be due to access to the internet rather than issues with web forms on the Council’s website. The Corporate Scrutiny and Performance Manager noted that not all services provided by the Council had customer access via web forms, adding this was something that was subject to review.

Councillor M Wilkes noted that the issue had been raised at Committee two years ago, in terms of making services accessible via the website, and therefore asked that a list of what services were available online, what could be done online, and what could not be done, be provided for Members’ information. Councillor J Armstrong suggested that the Council’s Head of ICT, Phil Jackman attend a future meeting of the Committee in this respect. The Head of Planning and Performance noted that this had been a concern of the Committee and that at the next meeting of the Committee, the Council’s Head of Projects and Business Services could give an update on the implementation of the new CRM system and how the setting up of such web form was enabled through the new system.

Councillor J Hillary noted that recent press articles had highlighted the general trend of the use of bailiffs by Local Authorities and asked whether this was used in the first case or a last resort by the Authority. Councillor J Armstrong noted it was a last resort. Councillor M Wilkes noted he had sight of the warning letters sent to those in arrears, explaining that there was a staged approach and the letters were worded very reasonably. Councillor M Wilkes asked whether it was a case of 4 letters from the Authority, then bailiffs were instructed, or did an Officer from the Council attend an address prior to instructing bailiffs.

Resolved:

That the content of the report be noted.

8 Quarter 4 Revenue and Capital Outturn 2014/15

The Committee considered two reports, the first of the Corporate Director, Resources and the second of the Assistant Chief Executive (ACE) which provided details of the Quarter 4 2014/15 outturn budget position highlighting major variances in comparison with the budget based on the position at the year-end (for copy see file of minutes).

The Finance Manager, Azhar Rafiq provided a summary report for the Resources service grouping detailing the analysis by Head of Service and highlighting significant variances in the core budget. It was noted that MTFP savings had been made for the year, there was a £1.970 million revenue underspend, against a revised budget of £15.693 million. The capital programme outturn spend was £6.798 million against a budget of £7.178 million, noting that the majority of this spend was in relation to ICT. It was added there was a breakdown of the capital programme within Appendix 2 to the report.

The second report related to the Assistant Chief Executive's service grouping and an analysis by Head of Service was provided alongside those significant variances to the core budget. It was noted that the outturn position was a £0.234 million underspend against a budget of £10.873 million. Members noted that MTFP savings had also been made for this service and that the ACE Capital Programme had an underspend of £1.585 million and this would be re-profiled for the 2015/16 budget.

The Chairman thanked the Finance Manager and asked Members for their questions on the 2014/15 reports.

Councillor M Wilkes noted that the Resources Revenue General Fund was underspent by 12.5%, and while accepting that the Council was a large Local Authority with large budgets, he felt that if there were similar large differences in spends compared to budgeted positions across all departments then questions would need to be asked.

Councillor M Wilkes asked whether it was a case that costs were overstated at budget setting, and noted that the Resources Capital Budget spend was approximately 25% less than the original budget set.

The Finance Manager noted in terms of the Resources Capital Budget, the original budget was re-profiled and the final spend of £6.798 million from a revised budget of £7,178 million represented a 95% spend, with the remainder to carry forward into future years. Councillor M Wilkes asked whether the re-profiling was due to external factors, or whether it was an issue of creep within the Capital Programme. The Finance Manager noted he would look to obtain further information in this regard, thought felt that many capital programmes involved delivery with external partners and re-profiling could be associated with managing those relationships and contracts.

Councillor N Martin noted concern as regards keeping control over the spends within budgets and projects, in the context of difficult future choices that may affect staff and frontline services. Councillor N Martin asked whether there was any information in relation to the transfer of bowling greens to clubs, and whether any delays in such were a reflection of a lack of capacity at the Council to undertake the necessary work. Councillor J Armstrong noted that in the case of any redundancies, there would need to be a business case to support any recommendations being made. Councillor J Hillary noted that spends in relation to ICT Business Continuity and Telephony had large percentage overspends and asked why this was the case. The Finance Manager noted he would look to obtain further information in this regard from the relevant budget managers.

Resolved:

That the content of the reports be noted.

9 Quarter 1 Revenue and Capital Outturn 2015/16

The Committee considered two reports, the first of the Corporate Director, Resources and the second of the Assistant Chief Executive (ACE) which provided details of the Quarter 1 2015/16 forecast outturn budget position highlighting major variances in comparison with the budget based on the position at the end of June 2015 (for copy see file of minutes).

The Finance Manager provided a summary report for the Resources service grouping detailing the analysis by Head of Service and highlighting significant variances in the core budget. It was noted that MTFP savings were on target and, and it was forecast for a £0.685 million revenue underspend, against a revised budget of £15.629 million. It was added there was a summary of the capital programme financial performance to the end of June 2015 set out within the report, with the main significant spend being in relation to the Digital Durham programme.

The second report related to the Assistant Chief Executive's service grouping and an analysis by Head of Service was provided alongside those significant variances to the core budget. It was forecast for a £0.152 million underspend against a budget of £10.162 million. Members noted that MTFP savings were on track, with the ACE Capital Programme for 2015/16 having been re-profiled and the revised budget standing at £5.676 million.

The Chairman thanked the Finance Manager and asked Members for their questions on the 2015/16 reports.

Councillor M Wilkes asked if the tables on page 120 of the report referred to revenue budgets for Resources, and noted variations in the amount of spend to date across budgets, with up to 57% of annual budgets in some cases, less than 13% for others. The Finance Manager noted the tables did refer to revenue budgets for Resources, and that the profile of when budgets are spent does differ between categories. This is particularly the case with respect to supplies and services in Resources which contained benefit payments which are significant in value and the reported position is therefore based on the timing of these payments. It was explained that the key column for focus was the forecast outturn position in the tables, which ignored the fluctuation of when spend and income was incurred during the year, but gave an accurate estimate at this stage of the outturn position for the whole year.

Resolved:

That the content of the reports be noted.