

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 **Tuesday 26 January 2016 at 9.30 am**

Present:

Councillor J Lethbridge (Chairman)

Members of the Committee:

Councillors E Adam, B Armstrong, J Armstrong, L Armstrong, H Bennett, G Bleasdale, J Carr, P Crathorne, E Huntington, N Martin, A Shield, P Stradling, L Taylor, M Wilkes, S Wilson and R Young

Also Present:

Councillors R Bell, S Forster, B Graham, M Nicholls

1 Apologies for Absence.

Apologies for absence were received from Councillors J Alvey, K Henig, A Hopgood and C Potts.

2 Substitute Members.

There were no substitute Members.

3 Minutes

The Minutes of the meeting held on 17 November 2015 were agreed as a correct record and were signed by the Chairman.

Matters Arising from the Minutes

Q1 2015/16 Customer Feedback: Complaints, Compliments and Suggestions (including LGO reporting) - minute numbered 7 refers

The Head of Planning and Performance referred to comments made by Councillor Wilkes regarding the publication of Local Government Ombudsman decisions and financial settlements. Members were informed that the format of the report had been amended to include additional details in respect of LGO complaints and decisions.

Comments had been made by Councillor Martin on page 5 of the minutes regarding the way in which information was shared on the Council's website, in relation to contaminated waste and recyclable materials. Feedback had been received from the Service that images

and words were more user-friendly than presenting the information in numbers. Information leaflets were produced for residents which could be shared with the Committee.

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 - Quarter 3 2015/16

The Committee received a report of the Head of Legal and Democratic Services which informed Members of the Council's use of powers under the Regulation and Investigatory Powers Act 2000 ('RIPA') during the period 1 October 2015 until 31 December 2015 (Quarter 3) to ensure that it was being used consistently with the Council's policy and that the policy remained fit for purpose (for copy see file of Minutes).

Resolved:

That the content of the report be noted.

6 Medium Term Financial Plan (6) 2016/17-2019/20 and 2016/17 Budget Update

The Committee received a joint report of the Corporate Director, Resources and the Assistant Chief Executive which provided an update on the development of the 2016/2017 budget and the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) that took into account forecasts from the Chancellor of the Exchequer's Spending Review published on 25 November 2015. The Committee also received a second report on the MTFP(6) 2016/17 to 2019/20 and the 2016/17 Budget following the Government's Local Government Finance Settlement announcement on 17 December 2015 (for copy see file of Minutes).

The Head of Finance – Corporate Finance provided a summary of the key messages from each report. In relation to the Local Government Finance Settlement he advised that the Government had taken steps to ensure that the financial settlement was fairer and overall the settlement was slightly better than forecast. However, total clarity would not be available until all specific grant allocations were received. The Council would continue to face significant challenges.

Members were invited to ask questions in relation to the first report.

Councillor R Bell in referring to paragraphs 44 and 45 in the report asked about the Government's consultation on changes to the local government finance system to pave the way for implementation of 100% business rate retention scheme. He asked if the Government was committed in principle to equalisation.

The Head of Finance explained that the 100% business rate retention scheme would be allied with a review of how local authorities were financed and the Government would transfer new responsibilities to local government. Where the business rates baseline exceeded an authority's funding baseline, that authority paid the difference to Central Government. This was then used to pay for a 'top-up' for authorities whose funding baseline was less than its business rates baseline. Durham was a 'top-up' authority. There

was a clear expectation that this arrangement would continue and Durham would receive the 'top-up' even if the Revenue Support Grant was phased out.

He expected that the majority of the income from business rates would be directed into the local economy. It was not known whether there would be any further adjustment when the proposals were implemented. He anticipated that this would be a contentious area for local authorities.

Councillor R Bell considered that it would be useful to receive an update on the consultation in due course.

Councillor J Armstrong commented that the Committee's role was to provide advice to Cabinet on the MTFP and the budget. However at this late stage no decisions had been announced on some grants, including Public Health, Better Care Fund and New Homes Bonus, and in view of the timescales the Committee had no time to properly scrutinise, and was being reactive when it should be proactive. He felt that the lateness of the settlement was not good enough and there was a need to keep pushing for clarity. The Member also referred to the proposals to give local authorities the flexibility to increase council tax by a further 2% to raise additional income for Adult Social Care which he considered to be unacceptable. Residents would see this as being levied by the Council and not Central Government. He believed that the proposed new formula was aimed at shifting funding from deprived areas to wealthier local authority areas where health statistics showed that residents lived longer and would therefore be in greater need of social care.

The Head of Finance confirmed that details of the specific grant settlements, including the Public Health Grant had not yet been received. The Council was pushing DCLG for a decision and would continue to do so.

Councillor Armstrong continued that the Local Government Association and the CC Network were pushing for decisions to be made in a more timely manner in future.

Councillor Wilkes referred Members to the savings proposals for 2016/17 and 2017/18 detailed in Appendix 3 of the report and considered that the Committee should be provided with details of how the savings would be achieved for each of the areas listed. Gateshead Borough Council provided this information and he recommended that in future an information sheet be included in the report for each of the savings proposed in individual service areas which would enable Members to question and challenge budget proposals.

Councillor Armstrong made the point that this information was reported to the Scrutiny Sub-Committees.

Councillor Stradling stated that it was difficult to forecast in year 1 of the MTFP what savings would be required in subsequent years without the prescribed settlement being known.

Councillor Martin advised that at budget setting time it was clear that all savings had been identified for the following year based on estimates. If the settlement was less than expected those savings were still required to be made. Officers were working months in advance to identify savings, even if the specific detail was not finalised. For example next

year there would be a review of back office functions yet at no point had scrutiny members been asked to consider this in advance.

Councillor Lethbridge in noting the points made by Councillors Martin and Wilkes was of the view that Members were not in a position to examine the proposals when grant settlements were not known.

Councillor Stradling agreed that at times Members could benefit from more information, and that without it there was no opportunity to challenge. He further commented that it was testament to Officers that the Council was successfully managing the budgets within the constraints it faced.

In agreeing with the comments made by Councillor Armstrong that the Committee was being reactive, Councillor Shield was of the view that Members should have access to the level of detail that Gateshead Council provided to enable Members to effectively challenge budget proposals.

A number of questions were asked by Members in relation to the second report.

Following information presented on the new methodology which would mean a fairer approach to cuts, Members commented positively on this change but wanted to know what would happen if all settlement information hadn't been confirmed by the final Cabinet report. The Head of Finance confirmed that if necessary addendums could be issued.

Following questions from Councillor Martin about the flexibility given to local authorities to increase Council Tax by an additional 2% the Head of Finance confirmed that the additional income generated must be spent on Adult Social Care. Section 151 Officers had been asked to demonstrate that spend on Adult Social Care would be lower without the 2% increase. Councillor Martin considered that there was a risk that if the Council pursued this option, existing users may expect to see an increase/improvement in the service they already received.

Councillor Wilkes reiterated the comments he had made in respect of the first report and that for 2016/2017 there had been no challenges to the budget proposals. Therefore it was not possible to know what these savings would mean for residents in reality. The Member suggested that a recommendation be made to Cabinet that a single page budget sheet explaining savings proposed in 2017/2018 be presented for consideration by the Corporate Issues Overview and Scrutiny Committee at its September 2016 meeting. This would allow the Committee to more effectively challenge budget proposals in advance. The Member was informed that this may not be practical in view of the timescales for budget setting and he therefore asked that the information be received in sufficient time to allow the Committee to scrutinise proposals.

The Member also expressed concern at proposals to reduce each AAP budget by £20k. With £220m in reserves and a whole raft of savings identified which may be achieved earlier, he asked if the proposed savings to the AAP budgets could be delayed a further year.

The views of Councillor Wilkes were shared by Councillor Martin and their comments were noted.

The Head of Planning and Performance advised that the final budget report would be submitted to Overview and Scrutiny Management Board on 12 February 2016 to which all Members of this Committee would be invited. The views of Members had been noted and a summary of the headline issues raised by the Committee would be presented to Cabinet.

Resolved:

That the comments of scrutiny be formulated into a response and forwarded to Cabinet.

7 Quarter 2 2015/16 Performance Management Report

The Committee considered a report of the Assistant Chief Executive which presented progress against the Council's corporate basket of indicators, Council Plan and service plan actions, and reported upon other performance issues for the second quarter of the 2015/2016 financial year, covering the period July to September 2015 (for copy see file of Minutes).

The Corporate Scrutiny and Performance Manager highlighted key achievements in the quarter. Performance in respect of the payment of invoices exceeded the 92% target in the quarter and for nine of the last ten successive months. Other key achievements included that 99% of customers were seen at Customer Access Points within the 15 minute target, call handling and council tax collection had improved, and for the first time the target for employee appraisals had been met.

The quarter had seen slippage in processing of housing benefit and council tax reduction claims, and sickness absence levels remained a challenge.

Councillor Martin congratulated Officers with regard to performance in respect of the payment of invoices.

Councillor Wilkes referred to page 82 of the papers and the proportion of households in fuel poverty. He stated that there were a number of charities who offered assistance to residents suffering fuel poverty and asked if the Council liaised with those organisations. The Head of Planning and Performance advised that she would refer the Councillor's comments to the Fuel Poverty Working Group.

With regard to the slippage in performance in respect of processing housing benefit claims, Councillor Wilkes referred to savings proposed in RES19 on page 56 of the papers. If the proposed savings included a reduction in staffing levels he was concerned that performance would continue to slip.

The Revenues and Benefits Manager explained the reasons for the underperformance. He advised that the Team had been affected by the implementation of the Welfare Assistance Service and the introduction of the Universal Credit Scheme. A number of officers had left the Authority but 7 new members of staff had now received training. The situation was improving and he was confident that the annual target would be met.

Councillor Wilkes noted that discretionary housing payments had reduced significantly and asked if this was due to changes in welfare assistance.

The Revenues and Benefits Manager advised that these were entirely separate schemes. The Team was trying to establish the reasons why fewer people were coming forward to claim discretionary housing payments and was looking at ways of raising awareness.

Councillor Wilkes asked if Members could be provided with the level of funding the Council received in respect of the Welfare Assistance Scheme against the total paid to customers on an annual basis.

By way of information the Customer Relations Policy and Performance Manager advised of a new scheme which made funding available in the private rented sector through the County Durham Central Heating Fund to upgrade heating systems. The Team was informing customers of the scheme.

Resolved:

That the content of the report be noted.

8 Review of the Council Plan and Service Plans

The Committee considered a report of the Assistant Chief Executive which provided an update on progress regarding the development of the Altogether Better Section of the Council Plan 2016-2019 including the draft aims and objectives contained within the Plan and the proposed performance indicator set to measure the Council's success (for copy see file of Minutes).

Members were asked to comment on the draft objectives and outcomes, and performance indicators in relation to the Altogether Better Council theme.

In presenting the report the Corporate Scrutiny and Performance Manager advised of three indicators to be removed from the basket of indicators, of one new indicator relating to the average time taken to answer a telephone call, and of new indicators that were being considered in relation to attendance management to reflect positive attendance.

There were no comments from Members at the meeting and the Head of Planning and Performance asked Members to forward any comments which they may have after the meeting to the Corporate Scrutiny and Performance Manager.

Resolved:

That the content of the report be noted.

9 Customer Feedback : Complaints Compliments and Suggestions 2015/16 - Quarter 2

The Committee considered a report of the Corporate Director, Neighbourhood Services which presented performance and learning outcomes in relation to Customer Feedback: Complaints, Compliments and Suggestions report for Quarter 2 2015/2016 (for copy see file of Minutes).

The Customer Relations, Policy and Performance Manager informed Members that the report was now presented in a new format which provided a stronger focus on high level strategic messages and learning outcomes.

With regard to complaints to the Local Government Ombudsman (LGO) Councillor Wilkes referred to paragraph 44 in the report and the complaint in respect of the Planning Service about how the Council dealt with a planning application for the construction of a new school. He asked if the action taken following the decision of maladministration was the response of the Ombudsman or the Council's interpretation of the decision. He was familiar with the complaint and considered that injustice had been caused.

The Manager confirmed that the information in the report reflected the decision of the Ombudsman. The LGO strictly applied its own definition of injustice to every case it considered. In this case the LGO identified some fault but had determined that injustice had not been caused.

Members suggested that in future reports should specify that the action to be taken following an Ombudsman decision was the formal response of the LGO.

RESOLVED:

That the content of the report be noted.

10 Quarter 2 Revenue and Capital Outturn 2015/16

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

Councillor Wilkes referred to the underspends of £990k in the revenue budget in the Resources grouping at Quarter 2, and £237k in the ACE grouping in the same quarter. He reiterated his comments about the proposed reductions in AAP budgets for next year and suggested that that part of the total underspend in these service groupings could be utilised to avoid budget cuts to AAPs.

By way of information Members were advised the savings target for 2016/2017 in the Resources service grouping was £1.5m and the underspend was as a result of the early achievement of those savings.

Resolved:

That the content of the report be noted.