

DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At a Meeting of **Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Monday 13 February 2017 at 9.30 am**

Present:

Councillor J Armstrong (Chairman)

Members of the Committee:

Councillors P Stradling, E Adam, A Batey, R Bell, D Boyes, R Crute, B Graham, K Henig, J Hillary, P Lawton, J Lethbridge, N Martin (substitute for A Hopgood) T Nearney, L Pounder and J Turnbull

Faith Community Representative:

Mrs M Elliott

Also Present:

J Carr, J Shuttleworth, L Taylor and M Wilkes

1 Apologies for Absence

Apologies for absence were received from Councillors K Corrigan, A Hopgood and M Simmons.

2 Substitute Members

Councillor N Martin, substitute for Councillor A Hopgood.

3 Minutes

Minutes of the meeting held on the 19 December 2016 were confirmed as a correct record and signed by the Chairman.

Referring to points raised from the minutes of the meeting held on the 19 December 2016, the Head of Planning and Performance provided the following updates:-

- Item 3 paragraph 3 - data on levels of drug treatments had been forwarded to Councillor S Wilson;
- Item 7 paragraph 6 – Members and their families had been invited to attend open day sessions at the DLI Sevenhills site on the 21 January and 25 February 2017;
- Item 8 paragraph 2 – further information regarding budget pressures for looked after children had been circulated to Councillor R Bell on 23 December 2016;

- Item 8 paragraph 8 – regarding the number of females taking ER/VR/CR and the impact of unemployment figures, Councillor Turnbull was informed that in the last 12 months, 64.1% of leavers were female, 95/148 (ER/VR/CR). The workforce profile was 64% female, 36% male. In relation to female unemployment, the most recent data showed 5.5% of our working age (16-64 years) population was unemployed (6,400 women).

4 Declarations of interest

There were no declarations of interest.

5 Medium Term Financial Plan 2017/18 to 2019/20 and Revenue and Capital Budget 2017/18

The Board considered a report of Director of Transformation and Partnerships which informed members of the Cabinet report (8 February 2017) that provided comprehensive financial information to enable Cabinet to agree a 2017/18 balanced revenue budget, an outline Medium Term Financial Plan (MTFP 7) for 2017/18 to 2019/20 and a fully funded capital programme for recommendation to the County Council meeting on 22 February 2017 (for copy see file of minutes).

The Head of Corporate Finance and HR reported that the financial landscape for local authorities would continue to be extremely challenging until at least 2019/20 and possibly beyond. By 31 March 2017, the Council would have delivered savings of £185.7million since 2011. Based upon the provisional Local Government Finance Settlement, it was forecast that the savings required for the MTFP (7) period 2017/18 to 2019/20 would be £59.6million resulting in total savings over the 2011/12 to 2019/20 period of £245.3million.

The Head of Corporate Finance and HR continued to provide a summary and highlighted key issues within the report relating to:

- Analysis of Provisional Settlement
- Specific Grant Reductions
- Scrutiny Committee Feedback
- Core Spending Power and Base Budget Pressures
- Second Stage Consultation
- Financial Reserves
- One Off Revenue Funding
- Capital Schemes

The Chairman thanked the Head of Corporate Finance and HR and his team for a detailed and informative report.

In response to questions from Councillor R Bell regarding the impact the changes to the New Homes Bonus (NHB) and Social Care responsibilities would have in County Durham, and if the Local Government Associations (LGA) would be making representation regarding the changes to Business Rates allowances, the Head of Corporate Finance and HR advised that with the one off Social Care grant and changes to NHB, County Durham would be £1million better off for 2017/18. However, the Social Care funding would be

withdrawn in 2018/19. Commenting on Business Rates the Head of Corporate Finance and HR assured that the Authority were pursuing the financial settlement and were lobbying through the Special Interest Group of Municipal Authorities (SIGOMA) as part of the consultation response.

Regarding income from Chapter Homes, Councillor Hillary enquired whether it was protected for the next 12 months. The Head of Corporate Finance and HR advised that the Council receive dividends from a number of shareholdings. Dividend income had increased in recent years and that a budget for dividend income of £500,000 was in place from shareholdings in companies such as Newcastle Airport, Durham Villages Regeneration Limited and Chapter Homes. He added that if in the future companies do extremely well, the Authority could increase that dividend. He was confident in hitting the dividend target for 2017/18.

Councillor R Bell referred to rurality issues and suggested he would be happy to be involved in scrutiny work in this area. The Head of Corporate Finance and HR informed Members that the funding for rurality issues was built into the funding assessment and that the £65million rural grant was in addition to this although the council does not receive any of this funding. Going forward he suggested assistance with a consultation document that government would produce following the autumn review. He added that all Local Authorities would be looking at the consultation document closely to identify which changes affect them. He would be working closely with the Planning and Performance and Policy and Communications teams to gather data and statistics in preparation to protect the position of the Council.

The Chairman added that rurality issues were a concern and commented on reports in the media, particularly in the Teesdale area. The Head of Policy and Communication advised that the media had been invited to meet with the Head of Corporate Finance and HR later that day to discuss any misunderstanding they may have regarding the Council's budget.

In response to queries from Councillor Martin regarding the level of general reserves for the coming year and additional pressures the council faces, the Head of Corporate Finance and HR advised that general reserves were forecast to be circa £33million at the end of 2016/17. This included £2.6million dividends from shareholdings that would now support the capital programme resulting in approximately £30million of general reserves for the start of 2017/18, which was the level the Council's reserve range should be. Commenting on the additional pressures, the Head of Corporate Finance and HR referred to paragraph 139 of the report and identified the financial years in which the £51million budget pressures fall:-

- 2017/18 – £22.888m
- 2018/19 – £14.300m
- 2019/20 – £14.435m

Councillor Nearney referred to the Apprenticeship Levy and the table outlining the base budget pressures. He asked if there was anything in the report that identified the possible benefits to the Authority. He then referred to the National Living Wage and associated costs for social care and asked if there were any details around direct services and the increase in charges to reflect the additional payroll pressures. The Head of Corporate Finance and HR advised that the Apprenticeship Levy would cost the council £1.1million. Schools were also required to pay £1million apprentice levy. He explained that funding for Apprenticeship Levy

was placed into a digital account to recover costs for training. However, there was not a big financial benefit as training costs were already recovered. An apprentice target of 2.3% of the workforce had been set, equating to 431 apprentices every year. An organisational development review was taking place through the transformation programme and was currently looking at training programmes within the Council.

Commenting on the National Living Wage, the Head of Corporate Finance and HR advised that every effort would be made to reduce external costs as far as possible. In the short term internally there was no impact on the Council as an employer as the Durham Living Wage was already higher than the National Living Wage. If that were to accelerate beyond the Durham Living Wage in the future, a review of all service charges would have to be undertaken.

Councillor Wilkes welcomed the £3million for the school maintenance budget that would go towards completing the backlog of repairs.

Councillor Wilkes noted that the majority of responses from the budget consultation gave priority to Children's Services and highlighted the savings identified for youth support on page 87 of the report. After contacting the service for further details, he was informed that 204 youth sessions a week would no longer be funded, with some areas of the County losing in the region of £20,000. He referred to the £1million over and above the maximum level of general reserves and asked if it could be utilised to assist in delaying the youth funding cuts that would allow charities and groups who provide the provision more time to adjust to the loss. He suggested that £250,000 a year for two years be proposed to Cabinet and asked that the Board vote on whether to collectively put forward the proposal.

In response, the Chairman explained that it was too far down the line for the Board to put forward proposals in this particular area, as Children's and Young Peoples Scrutiny, Cabinet and full Council had already considered these proposals. He advised that the process had been carried out correctly and asked members if they wished to vote on the suggestion.

Members sympathised however, felt that, as it had already been through the relevant committees it would be inappropriate to set a precedent.

Resolved:

- i) That comments on the Cabinet report of 8 February 2017 be noted, prior to full Council of 22 February 2017;
- ii) That final suggestions as part of the scrutiny response be put forward to Council on 22 February 2017.

6 Welfare Reform and Poverty Issues Update

The Board considered a joint report of the Director of Transformation and Partnerships that provided an update on the welfare reform programme and the wider issues of poverty and the council's response so far through its poverty action plan, with a particular focus on child poverty, and analysis of the implications for the County (for copy see file of minutes).

The Head of Policy and Communications reported that government was continuing with its policy of welfare reform to achieve financial savings and to encourage people to support themselves through employment.

Further welfare and benefits policy announcements have been made since the last report to Cabinet in October 2015 with summaries of the announcements detailed in Appendix 2 and key headlines which included:-

- (a) the Department for Work and Pensions (DWP) Work Programme and Work Choice will be replaced by a new Work and Health Programme, contracts for which will begin from October 2017;
- (b) introduction of the Life Chances Strategy, with the first statistical report being published before the end of the financial year ending 31 March 2017;
- (c) removal of specific parts of the Child Poverty Act 2010, including the duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area;
- (d) lowering the benefit cap so that the total amount of benefits to which a family on out of work benefits can be entitled to in a year will not exceed £20,000 for couples and lone parents, and £13,400 for single claimants;
- (e) changes to the child element of Universal Credit to limit payment for a maximum of two persons who are either children or qualifying young persons for whom a claimant is responsible;
- (f) freezing social security benefits for four tax years starting from 2016/17;
- (g) reduction in social housing rents by one percent a year for four years from April 2016;
- (h) proposal to apply the Local Housing Allowance cap to Housing Benefit all claims in supported and sheltered housing with a top-up paid by the local authority from 2019;
- (i) proposals to halve the disability employment gap published in Improving Lives, the green paper on work, health and disability.

The Head of Policy and Communications advised that the Interim Corporate Director of Children and Young People's Services was focusing on specific work surrounding child poverty and findings would be reported back to members.

Councillor Crute welcomed the work on child poverty from Children and Young People's Service. He highlighted that government were also working on statistical information at the same time and to be prepared for considerable differences between the two pieces of work. He felt that findings from government would not be a true reflection of levels of child poverty in this part of the country and should not be looked at in isolation, with focus given to the value of work done in County Durham.

Councillor Wilkes referred to the Local Housing Allowance cap and the top up to be paid by the Local Authorities from 2019. He suggested that Corporate Issues Overview and Scrutiny consider the impact this would have.

Resolved:

That the information contained in the report and the progress made by the Council and its partners in addressing welfare reform and the wider poverty issues in the county be noted.

7 Transformation Programme

The Board considered a report of the Director of Transformation and Partnerships that provided details of progress to date of the Council's Transformation Programme (for copy see file of minutes).

Resolved:

That the information contained in the report be noted.

8 County Durham Partnership Update

The Board considered a report of the Director of Transformation and Partnerships that provided an update on issues being addressed by the County Durham Partnership (CDP) including the Board, the five thematic partnerships and all Area Action Partnerships (AAPs). The report also included updates on other key initiatives being carried out in partnership across the County (for copy see file of minutes).

The Principal Partnerships and Local Councils Officer highlighted priorities and key areas of focus carried out within the County Partnership in recent months.

Resolved:

That the information contained in the report be noted.

9 Notice of Key Decisions

The Board considered a report of the Head of Legal and Democratic Services that provided a list of key decisions that were scheduled to be considered by the Executive (for copy see file of minutes).

The Senior Committee Services Officer reported that the next Notice of Key Decisions would be published on the 14 February 2017 and since the last update there had been the following movement in items being considered at Cabinet:-

- i) Durham City Sustainable Transport Strategy – moved from March 2017 and would be considered by Cabinet in April 2017.

Councillor Wilkes referred to the Durham City Sustainable Transport Strategy and advised that local members had met with relevant officers and the Cabinet Portfolio Holder, however they had not yet seen a draft report detailing what was being proposed. Councillor Martin also asked that local members be consulted on the Aykley Heads Preferred Options. The Senior Committee Services Officer would make some enquiries and report back to Councillors Wilkes and Martin.

Resolved:

That the information contained in the report be noted.

10 Information update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Assistant Chief Executive that provided an update of overview and scrutiny activity from December 2016 to February 2017 (for copy see file of minutes).

Resolved:

That the information contained in the report be noted.