

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2 - County Hall, Durham on **Friday 14 September 2018 at 9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors A Patterson (Vice-Chairman), R Bell, J Chaplow, M Clarke, P Jopling, C Martin, L Pounder, J Rowlandson, H Smith, J Turnbull, M Wilkes, A Willis, A Hopgood and R Manchester (substitute for C Potts)

1 Apologies for Absence

Apologies for absence were received from Councillors A Batey, H Liddle, L Maddison, J Makepeace, O Milburn, J Robinson, C Potts, M Simmons and F Tinsley.

2 Substitute Members

Councillor A Hopgood substituting for Councillor M Simmons.

Councillor R Manchester substituting for Councillor C Potts

3 Minutes of the meeting held on 22 June 2018

The minutes of the meeting held on 22 June 2018 were confirmed as a correct record and signed by the Chairman.

4 Declarations of Interest

There were no declarations of interest.

5 Medium Term Financial Plan(9), 2019/20-2022/23 and Reviews of the Local Council Tax Reduction Scheme, Council Tax Discounts and Business Discretionary Rate Reliefs

The Board considered a joint report of the Corporate Director of Resources and Director of Transformation and Partnerships which provided an update on the development of the 2019/20 budget and the Medium Term Financial Plan (MTFP(9)). The Report further provided information regarding considered reviews of the Local Council Tax Reduction Scheme, Council Tax Discounts and Business rate Discretionary Relief (for copy see file of Minutes).

The Head of Corporate Finance & Commercial Services advised that the council continued to operate in a period of significant financial uncertainty brought about by a combination of on-going austerity, pressures in social care services and other unfunded pressures arising from pay and price inflation. He further reported that the Fair Funding Review is scheduled for implementation from April 2020 alongside a move to 75% Business Rate Retention (BRR). Beyond this point there was no certainty as to local authority funding allocations and how funds would be distributed.

He went on to provide details of significant financial risks to the council including that the government may choose to adopt a revised apportionment methodology in the Fair Funding review for Public Health Grant. Should this occur the council would be the biggest loser of Public Health funding of any authority in the country. In the main, the Advisory Council for Resource Allocation (ACRA) formula would see a shift in Public Health funding from deprived areas to more affluent areas.

In addition, the council were also planning on reductions in other areas including; Revenue Support Grant (RSG) which would result in a reduction of £14.24 million in 2019/20. He went on to advise that although the settlement from government was unchanged from that reported to Council in February 2017, savings of £35.3 million were forecast to be required to balance the budget over the 2019/20 to 2022/23 period. Details of savings were included within the July 2018 Cabinet report and it was noted that the council could consider utilising the Budget Support Reserve to help balance the budget.

Further details were reported with regard to Council Tax Support within the Local Council Tax Reduction Scheme (LCTRS) and it was noted that, the Council along with Northumberland, were the only two local authorities in the North East to have retained entitlement levels.

Moving on, the Head of Corporate Finance & Commercial Services provided a summary of the review of the MTFP Model providing information on Better Care Fund monies, Housing Benefit Administration Grant, Council Tax and the Adult Social Care Precept, Business Rates and the increases in the National Living Wage.

Moving on to workforce implications it was reported that by 31 March 2019, it was forecast that there will have been a reduction of 2,900 posts since 2011 which equated to 30% of the workforce. 750 of those posts had been deletions of vacant posts.

Councillor Bell queried the timetabling of the Cabinet report and asked whether this would be the last report the Board would have the opportunity to comment upon until December 2018. He further queried changes to Business Rate Retention and whether the announcement on redistribution of Fair Funding would be released at the same time. The Head of Corporate Finance and Commercial Services advised that information regarding how the funding formulas would work was expected in the autumn, however figures would not be expected to be received until June/July 2019. Following further discussion it was suggested that the Board provide comment to central government on the timing of information.

Councillor Wilkes advised that he had spoken previously with Councillor Stephens regarding requests for dropped crossings and noted that at any one time the council may have up to 200 requests for such and a 4/5 year waiting list. He therefore asked whether the amount of funding allocated to these projects could be reviewed by Cabinet at the request of the Management Board. He further noted that the cost of undertaking this work had increased from £300 to £1200 in recent years.

Councillor Wilkes also queried why the Board were not considering the 2017/18 Final Outturn report which had been considered by Cabinet, noting that there were significant differences between figures presented in this report, mainly in relation to earmarked reserves.

The Head of Corporate Finance & Commercial Services provided a summary of highway funding, noting that the additional amounts received in the highways budget were capital not revenue. The issue raised by Councillor Wilkes was that of reprioritisation and with such should be referred to the Head of Service, in consultation with the Portfolio Holder, Councillor Stephens. He further advised that all information regarding savings and earmarked reserves were all included in Cabinet Forecast of Outturn reports which were publically available.

Councillor Shuttleworth commented that members of the public were receiving less but were expected to pay more for their services through council tax. The Head of Corporate Finance and Commercial Services advised that the public were receiving significant increase in targeted services such as adult and childrens social care. The significant increase in budget pressures in these areas allied with over 50% reductions in government funding naturally was seeing a reduction in universal services. He advised that all Members should ensure the public understand this.

Referring back to the issue of lobbying the government, Councillor Clarke suggested that the issue of Business Rate Retention was concerning should the move to 75% from 100% BRR occur and urged the council to lobby the government as soon as possible on this matter.

Councillor Jopling asked whether an explanation of Fair Funding could be provided. The Head of Corporate Finance and Commercial Services provided a brief overview of Fair Funding noting that population was the biggest driver.

Councillor Hopgood in relation to distribution of fair funding commented that the Council should be seen to practice what they preach when it comes to delays in school funding which she considered to be unfair. Councillor Crute commented that the Council should be in fact lobbying for more funding and not just fair funding.

Councillor Hopgood also noted the council were still going through the process of unitisation some 10 years after LGR and asked why the proposed £3.1 million of savings from unitising business support services could not have been achieved earlier. The Head of Transformation advised that the unitisation of Business Support was driven by advances in digital services and the ability to now digitise service processes removing the requirement for papers based systems.

Councillor Martin in referring to paragraph 125 of the report referring to rateable value / discounts for public houses suggested the numbers contained within did not make sense and therefore asked for some clarification. The Head of Corporate Finance and Commercial Services agreed to provide additional information Councillor Martin following the meeting.

Councillor Martin also referred to Appendix 3 of the report and specifically the Adult Demographic Pressures. He asked whether an explanation could be provided as to why this was included within the budget. The Head of Corporate Finance and Commercial Services advised that an extra pressure in effect had to be included to accommodate the additional social care funding which was one-off funding and could only be spent on prevention. Work was being undertaken with the CCG to determine how this would be invested however until it was determined, the funding would appear within the reserves.

The Head of Strategy noted that the information discussed was included within the quarterly outturn cabinet reports reports. Councillor Bell commented that he felt that this information concerning all service areas, would be useful rather than information relating just to Resources and Transformation and Partnerships. Councillor Crute agreed that this could be reviewed in line with comments made.

The Head of Strategy at this point provided a summary of the discussion and points which would be forwarded to Cabinet for their consideration as follows:-

1. Fair Funding Review – Rurality and Poverty
2. Flexibility required on transport budget
3. Important that the government is lobbied not only on fair funding but more funding
4. School funding

Resolved:

- (i) That the comments made on the July Cabinet report on the Medium Term Financial Plan(9), 2019/20-2022/23 and Reviews of the Local Council Tax Reduction Scheme, Council Tax Discounts and Business Discretionary Rate Reliefs be forwarded to Cabinet;
- (ii) That the revised timetable for subsequent scrutiny discussions be noted.

6 Update on the delivery of the Medium Term Financial Plan (7)

The Board considered a report of the Director of Transformation and Partnerships which provided confirmation that the 2017/18 Medium Term Financial Plan (MTFP7) had been successfully delivered (for copy see file of Minutes).

The Head of Transformation confirmed that by following a robust approach in managing the MTFP programme to deliver the savings required, the plans for 2017/18 had now been successfully delivered. Since 2011 and up until March 2018, over £209 million pounds of savings had been achieved.

The report went on to provide details relating to HR implications and data regarding staff leaving through ER/VR during the quarter. It was noted that during the period 95% of leavers were female and 5% were male. However, leavers during the quarter were from service areas where there were much higher than average proportions of female staff overall. In addition it was noted that staff numbers of those leaving through compulsory redundancies was too low to analyse.

Councillor Crute asked whether it would be possible to provide a further breakdown on the number of redundancies since 2011 and in particular data relating to equality.

Councillor Wilkes referred to paragraph 12 of the report and asked for further information in respect of BME (Black Minority Ethnic) leavers and the overall figures in relation to the number of redundancies. The Head of Transformation advised that he would be able to provide this information after the meeting.

Councillor Wilkes then went on to query vacant posts and asked whether information could be provided to show how many there were across authority, how long they had been vacant, the impact and when the posts would be permanently deleted, or retained.

The Head of Transformation advised that by retaining vacant posts services were able to achieve savings within the service in a painless way. He did however acknowledge that further information could be provided in a future report to provide further detail relating to HR / Budget systems and vacant posts.

Councillor Bell commented that he considered the management of vacant posts responsible and understood the importance of this. He further asked whether staff who had been placed on the redeployment register would be eligible for deployment through the digitisation of Business Support services. In order to provide some clarification the Head of Transformation provided an overview of the planned restructure of Business Support Services. He further noted that the Head of People and Talent Management was reviewing indicative training and learning across the councils skill set and also noted that a new training levy could offer opportunities for upscaling existing employees.

Councillor Jopling asked whether employees who had left the authority on ill-health grounds were categorised under ER/VR. The Head of Transformation advised that there were categorised as leavers and did not fall under ER/VR.

Resolved: That the content of the report and the progress made in delivering MTFP 7 be noted.

7 Revenue and Capital Outturn 2017/18 (Resources and TAP)

The Board considered two reports, the first of the Corporate Director of Resources and the second of the Director of Transformation and Partnerships which provided details of the outturn budget position for each service grouping highlighting any major variances in comparison with the budget based on the outturn position to the end of March 2018 (for copy see file of Minutes).

In referring to page 89 of the report Councillor Martin queried why there was such a significant difference on the capital programme. The Head of Corporate Finance and Commercial Services advised that this related to Digital Durham and a significant underspend on contract 2 which would be spread into later years.

Councillor Wilkes asked whether a calculation could be undertaken to determine what was actually saved from vacant posts in comparison to what was planned to be achieved. The Head of Corporate Finance and Commercial Services advised that there is an assumption that there is a 3% reduction in most employee base budgets on the basis of turnover. In the past eight years this target has often been exceeded as posts have been held vacant due to upcoming restructures. It is noticeable however that there are few planned restructures for future MTFP savings plans and that in some areas the council may struggle to hit the 3% turnover target.

Councillor Hopgood referred to page 89 of the report and asked why there had been an overspend in Election Costs. The Head of Corporate Finance and Commercial Services advised that election costs normally only occur every four years and are funded from an earmarked reserve set up to finance these costs. It would not be practical to have an annual budget that the Council knew would not be required.

Resolved: That the content of the report be noted.

8 Quarter 1 June 2018: Forecast of Revenue and Capital Outturn 2018/19 (Resources and TAP)

The Board considered two reports, the first of the Corporate Director Resources and second of the Director of Transformation and Partnerships which provide details of the forecast outturn budget position for the service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2018 (for copy see file of Minutes).

Resolved: That the content of the report be noted.

9 Update in relation to Petitions

The Board considered a report of the Head of legal and Democratic Services which provided the quarterly update in relation to the current situation regarding various petitions received by the Authority (for copy see file of Minutes).

The Senior Committee Services officer advised that since the last update 3 e-petitions had been submitted, 2 of which were rejected. In addition, 5 new paper petitions had been submitted and 3 had now completed the petition process.

Resolved: That the content of the report be noted.

10 Notice of Key Decisions

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

The Senior Committee Services Officer advised that items new to the plan were:-

- County Durham Plan Submission Draft
- Delivery Proposals for Aykley Heads Delivery Vehicle Strategic Site
- Homelessness Review and Strategy
- Housing Solutions Private Sector Housing Policy

Councillor Wilkes noted that the quarterly report presented did not provide an accurate picture of what reports would be considered during the plans 3 month period as things inevitably were added or removed during that time. He therefore asked whether members could be notified of any additions or deletions accordingly.

The Senior Committee Services Officer advised that the notice of key decisions was prepared in line with statutory guidelines however he would feedback comments made to the Head of Legal and Democratic Services.

Councillor Hopgood asked whether the Economy and Enterprise Overview and Scrutiny Committee were looking at the regeneration of Aykley Heads. She further asked whether consideration could be given to format of the County Durham Plan workshops and whether the sessions could be split into geographical areas or groups.

Councillor Crute responded that Transformation Programme updates were included on the Management Boards work programme and included the Aykley Heads Development. He also suggested that the comments made regarding the County Durham Plan workshops would be discussed with the relevant committees Chair and Vice-Chair.

Resolved: That the content of the report be noted.

11 Information Update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Director of Transformation and Partnerships which provided an information update of overview and scrutiny activity from 22 June – September 2018 (for copy see file of Minutes).

Councillor Martin in referring to paragraph 8 of the report asked how opposition members were able to feed into NECA Overview and Scrutiny process. Councillor Crute advised that any comments on the issues listed on the NECA website for discussion should be provided to himself or Councillor Patterson. Further discussion took place regarding the North of Tyne Mayoral Election and how this role would work alongside the North East Combined Authority (NECA).

Resolved: That the content of the report be noted.