



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 6 February 2019**. The decisions will come into force and may be implemented from **Monday 18 February 2019** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan 2019/20 to 2022/23 and Revenue and Capital Budget 2019/20 [Key Decision: CORP/R/18/01]

Summary

The Cabinet considered a joint report of the Corporate Director of Resources and the Director of Transformation and Partnerships which provided comprehensive financial information to enable Cabinet to agree the 2019/20 balanced revenue budget, an outline Medium Term Financial Plan MTFP(9) 2019/20 to 2022/23 and a fully funded capital programme.

The Fair Funding Review is scheduled for implementation from April 2020 alongside a move to 75% Business Rates Retention (BRR). There is no certainty as to future local authority funding allocations beyond this point and there is no clarity on how funding will be distributed at this stage. It is clear however that there are significant risks to the council's funding depending on the principles that are agreed for fair funding distribution and how the move to 75% BRR is implemented. It is also clear that the council is likely to face further unfunded cost pressures in the future unless there is a change in government policy relating to local government funding and distribution.

Early indications from the Fair Funding Review discussions are that the government are considering the adoption of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant from April 2020. From this date Public Health Grant will form part of BRR. This is a significant financial risk - the council would be the biggest loser of Public Health funding of any authority in the country losing a forecast £19 million (circa 35%) of current public health funding. The ACRA formula sees a significant shift in Public Health funding from deprived areas to more affluent areas. The major beneficiary of these changes would be Surrey County Council which would benefit from an increase of circa £14 million.

It is likely that any variance in government grant allocations resulting from the Fair Funding Review will be implemented across a five year transition period although this will not be clarified until final decisions are made on the implementation of the review.

If the council were to lose funding, it is expected this will be implemented across a five year time frame. Assumed losses of government funding resulting from the Fair Funding Review have been included in the MTFP for the first time.

The Local Government Finance Settlement was announced on 13 December 2018 and confirmed additional one off Winter Pressures funding and Social Care funding for 2019/20 of £2.8 million and £4.8 million respectively. The settlement also confirmed additional 2018/19 one off funding of £1.921 million relating to refunded levy sums from the Business Rate Retention process.

The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant budget which provides support to children with special needs. Additional funding of £1.059 million has been provided in 2018/19 and 2019/20, although these sums are not sufficient to meet the budget pressure the council is currently experiencing.

The settlement confirmed that the government intends to reimburse authorities who would experience Negative Revenue Support Grant (RSG). The total national reimbursement is £153 million. Negative RSG occurs where government funding cuts reach a point where some local authorities, who have relatively high tax bases, no longer receive any RSG. Ordinarily these authorities would have their business rate tariff increased which ensures all authorities experience a similar reduction or increase in Core Spending Power (CSP). The government is however proposing to view negative RSG in isolation to CSP and make an adjustment to ensure negative RSG does not occur – which will result in additional resources for those authorities and increase their CSP.

The impact of the adjustment for Negative RSG upon Core Spending Power for 2019/20 is significant. The average CSP increase across the country in 2019/20 is 2.8%, with Durham having a 3.2% CSP increase. Wokingham has a 6.3% increase, North Yorkshire 4.8% and Surrey 4%. The reimbursement to Surrey in 2019/20 for Negative RSG is £17 million.

The Local Government Finance Settlement only provided definitive information for 2019/20. The settlement position for 2020/21 and beyond will be determined by the 2019 Comprehensive Spending Review (CSR) and the outcome of the Fair Funding Review, which will be implemented from 2020/21. The outcome of these reviews will be very much influenced by the impact of Brexit.

Fair Funding consultation documents were published on 13 December 2018 providing options on how the government would seek to implement the outcome of the review from 2020/21. Further consultations are expected in the coming months on the detail of the specific formula for distributing resources.

A 2019/20 RSG reduction of £14.2 million was confirmed in the provisional local government finance settlement as expected. Based upon this reduction and financial assumptions across the MTFP(9) period, the current savings requirement across the four year period is estimated at £39.5 million, with a savings requirement in 2019/20 of £14.3 million. Savings for 2019/20 have been identified of £10.3 million leaving a shortfall of £4 million which will be met from the Budget Support Reserve (BSR).

In total savings of £16.3 million are proposed across the MTFP(9) period leaving an estimated savings shortfall of £23.2 million across the remainder of the MTFP(9) period to 2022/23. Work will continue in the coming months and years to identify the savings required to balance the budget. Since the beginning of austerity in 2010/11 up to 2022/23 the council will have been required to save £263 million.

The MTFP(9) budget consultation process was primarily targeted at engaging with partner agencies and the public on the approach to savings to date and the proposed approach to achieving the full MTFP(9) savings requirements, including details of the savings proposals that had been proposed. The consultation also sought views on the strategic priorities for the County, to inform the new vision and corporate plan. The responses from the consultation were supportive of the approach the Council is taking whilst recognising the significant challenge faced from reductions in funding and increasing demand for statutory services.

The council's MTFP strategy since 2010/11 has been to protect front line services as far as possible and the 2019/20 proposals are in line with this strategy. This strategy is becoming increasingly difficult to maintain over time with the council's Transformation Programme in place to ensure all options are exhausted to ensure front line services can be protected wherever possible. It is still likely, however, that front line services will become increasingly impacted over the next four years as the year on year effect of the scale of the cuts impacts on the resources the council has available to provide key services. This report summarises how the main proposals are in line with the council's overall strategy and have been shaped by residents' and stakeholders' views with a high level analysis of the equalities impact. Detailed savings proposals are included in the report for the MTFP(9) period were shown at Appendix 3 of the report.

In the setting of council tax levels for 2019/20, consideration has been given to the significant financial pressures facing the Council and how best to meet these pressures. The government has confirmed that the maximum the council can increase Council Tax by is 3% without approval from a majority of council tax payers to increase it beyond this following public referendum. The council also has the option to increase Council Tax by an additional 2% for an adult social care precept being the last year of the three year option in this regard. The government has assumed local authorities will increase Council Tax and the Adult Social Care precept by these maximum amounts when calculating Core Spending Power.

After considering the impact upon the council's budget and upon council tax payers, this report recommends a 2.99% Council Tax increase in the Council's Band D Council Tax in 2019/20 which is below the 3% referendum limit. In addition, the report recommends a 2% increase to the Adult Social Care precept. The total increase will generate additional Council Tax income of £10.5 million per annum. The total increase would result in a Band D increase of £1.45 a week and an increase of 97 pence a week for the majority of Council Tax payers in County Durham, who live in the lowest value properties (Band A).

Despite this very challenging financial period, the scale and sustained level of government spending cuts and the impact on the council's finances, this report includes some very positive outcomes for the people of County Durham including:

- (a) continued support to protect working age households in receipt of low incomes through the continuation of the existing Council Tax Reduction Scheme where they will continue to be entitled to up to 100% relief against their Council Tax payments;
- (b) ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people through the services we provide;
- (c) significant investment in capital expenditure in line with the council's highest priority of regeneration in order to protect existing jobs and create as many new jobs as possible including investing in our town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £74.4 million is recommended in this report.

As outlined in previous MTFP reports, equality impact assessments were summarised to inform the consultation and subsequent decision making. Workforce implications arising from proposals for 2019/20 savings have been analysed and the projections for the number of posts that will have been removed as a consequence of austerity up to the end of 2019/20 have been increased to an estimated 2,955.

Decision

The Cabinet resolved to recommend to full Council:

(a) 2019/20 Revenue Budget

- (i) approve the identified base budget pressures included in paragraph 69;
- (ii) approve the savings plans detailed in Appendix 3 of the report;
- (iii) approve a 2.99% 2019/20 Council Tax increase and a further 2% increase which relates to the Adult Social Care precept, totalling 4.99%;
- (iv) approve the 2019/20 Net Budget Requirement of £400.031 million.

(b) MTFP(9)

- (i) agree the forecast MTFP(9) financial position;
- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as required to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet;

- (iii) aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £30 million.

(c) Capital Budget

- (i) approve the revised 2018/19 Capital Budget of £103.819 million and the 2019/20 Capital Budget of £148 million;
- (ii) approve the Capital Strategy at Appendix 8 of the report;
- (iii) approve the additional capital schemes detailed at Appendix 9 of the report. These schemes will be financed from additional capital grants, from one off revenue funding and from prudential borrowing;
- (iv) note the option for the council to utilise capital receipts to finance severance costs utilising the new flexibilities in this regard. The utilisation of such flexibility will require the approval of Cabinet;
- (v) approve the MTFP(9) Capital Budget of £391.171 million for 2018/19 to 2021/22 as detailed in Table 15 of the report.

(d) Savings Proposals

- (i) note the approach taken by service groupings to achieve the required savings.

(e) Equality Impact Assessment

- (i) consider the equality impacts identified and mitigating actions both in the report at paragraphs 142 to 163 and in Appendix 10 to the report;
- (ii) note the programme of future work to ensure full impact assessments are available where appropriate at the point of decision, once all necessary consultations have been completed;
- (iii) note the ongoing work to assess cumulative impacts over the MTFP(9) period which is regularly reported to Cabinet.

(f) Pay Policy

- (i) approve the Pay Policy Statement at Appendix 11 of the report.

(g) Risk Assessment

- (i) note the risks to be managed over the MTFP(9) period.

(h) Dedicated Schools Grant

- (i) note the position of the Dedicated Schools Grant.

(i) Discretionary Rate Relief

- (i) note the changes to the council's Discretionary Rate Relief Policy, as set out in the report, and agree the revised policy as attached at Appendix 12 of the report.

(j) Prudential Code, Treasury Management and Property Investment

- (i) agree the Prudential Indications and Limits for 2019/20 – 2022/23 contained within Appendix 13 of the report, including the Authorised Limit Prudential Indicator;
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 13 of the report which sets out the council's policy on MRP;
- (iii) agree the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 13 of the report;
- (iv) agree the Cash Investment Strategy 2019/20 contained in the Treasury Management Strategy (Appendix 13 - including the detailed criteria).
- (v) Approve the Property Investment Strategy at Appendix 14 of the report.

**School Admission Arrangements Academic Year 2020/21
[Key Decision: CYPS/01/18]**

Summary

The Cabinet considered a report of the Corporate Director Children and Young People's Services which sought approval for the proposed admission arrangements and oversubscription criteria from Community and Voluntary Controlled Schools for the 2020/21 academic year.

There is a proposed additional criterion to the current oversubscription criteria for admission to Community and Voluntary Controlled Schools. The Government wishes admission authorities to introduce oversubscription criteria to give children who were previously in state care outside of England, and have ceased to be in state care as a result of being adopted, second highest priority for admission into school.

This is because the Government believes such children are vulnerable and may have experienced abuse and neglect prior to being adopted.

Consultation has been carried out with schools, other admission authorities, Governing Bodies and parents on the council's admission arrangements in accordance with the national School Admissions Code as it is 7 years since they were last consulted on. The proposed admission oversubscription criteria in respect of Community and Voluntary Controlled Schools were outlined in the report.

Decision

The Cabinet agreed the proposed oversubscription criteria for admission to Community and Voluntary Controlled Schools; and agreed the following in respect of Community and Voluntary Controlled Schools, when determining the admission arrangements for 2020/21:

- (a) The proposed admission numbers as recommended in Appendix 2 of the report.
- (b) The admission arrangements at Appendix 3 of the report.

Children and Young People's Strategy

Summary

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Director of Transformation and Partnerships which presented the Children and Young People's Strategy 2019-2022.

The Children and Young People's Strategy (CYPS) 2019 - 2022 is a partnership strategy for all children and young people and their families in County Durham. The aim of the strategy is to provide focus and clarity on the priorities for improving services and life opportunities for children and young people.

The document considers what life is currently like for children and young people in County Durham, based on feedback from children and young people and analysis of their needs. It sets out where we want to be in three years and what actions will be undertaken to achieve this. For the public, it provides a summary of the importance of services and support for children and young people, who are the future of our county, and what they can expect from local services. Cabinet received the draft Children and Young People's Strategy 2019 – 2022 (CYPS) as part of the consultation on 17th October 2018.

Decision

The Cabinet agreed the final Children and Young People's Strategy 2019/22 to ensure delivery and support for our young people.

Phasing Out of Unnecessary Single-Use Plastics

Summary

The Cabinet considered a joint report of the Corporate Director of Regeneration and Local Services and Director of Transformation and Partnerships which reviewed what the Council together with partners, has been doing to significantly reduce single-use plastics (SUPs) across a wide variety of services and functions. The report requested Cabinet to consider adoption of a County Durham pledge to further reduce unnecessary single-use plastics, supported by an action plan to guide this work. The report proposed to invite a wide variety of partner organisations from the public, private and community sector to also make similar commitment through adopting this pledge, thereby helping to magnify the positive impact this could make.

On 24 January 2018 the County Council made a resolution for a report to go to Councils Corporate Overview and Scrutiny Management Board (COSMB) to consider options for significant reductions in unnecessary single use plastics. This resolution included consideration to the signing of a “plastic free” pledge, and development of partnership work to tackle the issue.

At the recommendation of the Corporate Overview and Scrutiny Management Board, a Task Group from the Environment Partnership (part of the County Durham Partnership) was established to investigate the issue of Single Use Plastics (SUPs) and to produce a report on its findings to be considered by the Environment and Sustainable Communities Overview and Scrutiny Committee (ESC OSC).

The report detailed a number of “early wins” the Council and partners have already achieved such as eliminating plastic straws and stirrers and use of compostable cutlery. It also highlights the good work a range of partners have also been doing in their own organisations and in promoting reuse such as through the national free tap water refill scheme. Some of this work is innovative on a national level, such as the country’s largest trial use of unrecyclable plastic products in road surfacing schemes.

The Task Group formulated a pledge and this is set out for Members consideration, together with an action plan which supports this. This report has been considered and modified through the Scrutiny process in particular through a special meeting of ESC OSC that provided a formal Overview and Scrutiny response to revise the SUPs action plan.

The Overview and Scrutiny response acknowledged the significant work undertaken by the Council and partners in a short period of time and commended their implementation of ‘quick wins’. It agreed those actions and timescales identified within the report and supported the introduction of a bespoke County Durham local pledge. It recommended that the Council and partners develop a communications plan to ensure that residents are informed of both why and when alternatives to SUPs are being used and it provides residents with an opportunity to identify how SUPs usage can be reduced. Finally, the response recommended that the Council and partners continue to offer pricing incentive schemes for the use of alternatives to SUPs and that the Council and partners reconsider handing out SUPs ‘free gifts’ at future promotional events.

At its meeting on 17 December 2018 COSMB noted and endorsed the response of ESC OSC to the report. In addition, it was recommended that consideration to the development of a process to collect empty crisp packets for recycling. This has been incorporated into the final action plan.

Decision

The Cabinet agreed to:

- (a) Consider and note the content of the report of the County Durham Environment Partnership 'Phasing Out Unnecessary Single Use Plastics' and the resulting SUPs action plan on the work the Council and partners have been undertaking to reduce single use plastic, which fulfils the County Council resolution made on 24 January 2018.
- (b) Note the Overview and Scrutiny response to the County Durham Environment Partnership task group report identifying additional actions for inclusion in the SUPs action plan.
- (c) Agree that Overview and Scrutiny continues to monitor progress made by DCC and partners against the actions identified in the SUPs action plan.
- (d) Agree to the principle of signing a local pledge for further reductions in single use plastic, supported by an action plan to deliver this.
- (e) Promote adoption of the pledge across the County Durham Partnership with a wide variety of organisations and groups being invited to make similar commitments, coordinated through the development of a single-use plastics network.

Vélo of the North

Summary

The Cabinet considered a report of the Corporate Director of Regeneration and Local Services which provided details of an approach from CSM Sport & Entertainment to develop a mass participation cycling event in County Durham in late Summer 2019. The report sought approval to work with CSM and partner organisations to jointly deliver the event, subject to all partner organisations reaching agreement on the safe and effective delivery of the event. The Council has been approached by CSM to host a large-scale major cycling event in the late summer of 2019. The event which will be branded Vélo of the North is a mass participation closed road cycle ride. CSM aspire to attract up to 15,000 participants and bring in over 40,000 visitors to the county over the weekend of the event. The event will allow for varied abilities by offering routes of 100 miles and 50 miles with the same start and finish points. There will also be a community family event which will be used to encourage residents to become more active through cycling. Whilst an agreement will need to be reached with regards to the detail of the route, and this detail will impact upon the Durham County Council financial contribution towards the event, a committed budget of £250,000 will be required before further work is undertaken. Furthermore if the event is to have any chance of achieving the levels of participation it aspires to it will require a launch before the end of February 2019.

Decision

The Cabinet agreed:

- (a) that the Corporate Director of Resources allocates a budget of £250,000 from general contingencies to deliver Vélo of the North.
- (b) that any required staffing resource is allocated to assist in the development and delivery of the event.

Helen Lynch
Head of Legal and Democratic Services
8 February 2019