



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 12 February 2020**. The decisions will come into force and may be implemented from **Monday 24 February 2020** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2020/21 [Key Decision: CORP/R/19/01]

Summary

The Cabinet considered a report of the Corporate Director of Resources which provided comprehensive financial information to enable Cabinet to agree the 2020/21 balanced revenue budget, details of significant investments in key front line services, an outline Medium Term Financial Plan MTFP(10) 2020/21 to 2023/24, and, a fully funded capital programme.

For 2020/21, the provisional settlement has provided some additional financial resources. There is no certainty of future funding levels beyond 2020/21. The council has managed its finances extremely effectively since 2010 and is therefore in a position to begin to provide additional investment in key front line services in 2020/21. The MTFP has been modelled assuming these investments continue into 2021/22, although they will be subject to review pending the outcome of the Comprehensive Spending Review (CSR) later this year. The report set out details of additional front-line spending through the council's revenue investment programme, totalling £31 million across 2020/21 and 2021/22 financial years.

The County Durham investments set out in the report cover a range of services that are important to local communities and will supplement and build on the front line resources that the council has been able to maintain despite the challenging austerity agenda that has been faced since 2010. Significant additional investment in highways is set out totalling £5 million which will be concentrated on maintaining local roads and repairing potholes. Additional investment of £1 million is being provided for a pilot scheme to increase the availability of social housing whilst significant additional resources are being provided across local communities to enhance neighbourhood cleanliness and safety through the introduction of new teams to resolve local issues relating to cleanliness of local areas and residents' safety and assurance.

This additional investment, totalling £5 million, includes the provision of eleven more community wardens across the County.

The council's approach to tackling climate change is supported through additional investment set out in this report totalling £3 million which will assist in leveraging in additional national funding and will provide a platform for attracting further local investment from partners and other agencies. This additional funding builds on the council's ongoing resource commitments that are set out in the climate change plans that have been considered by cabinet and council.

The council has recently announced a significant £63 million capital investment in its leisure provision and further additional investment in sport and leisure totalling £2 million is included in this MTFP. Further investment is also set aside for invest to save opportunities within leisure provision which will generate on-going savings in future years.

The council has continued to support those most in need despite the impact of austerity. Additional investment is set out in this MTFP totalling £3 million to help tackle poverty, including maintaining funding for the welfare assistance and discretionary housing payment schemes - which those most in need rely on, whilst also investing in support for the long term unemployed to help them into work. Further investment will also be made in supporting activities with food during school holidays and supporting investment in foodbanks where this is required.

The council has also invested significantly in supporting Children's services as demand has continued to rise with cost pressures far exceeding available government funding. Additional investment totalling £2 million is being made across a number of areas to help develop best practice with a focus on providing the best possible care for vulnerable children, and a number of initiatives aimed at improving efficiency and helping those who need these crucial services in the most appropriate way.

The MTFP investments are also being supplemented with a further £10 million allocation to the council's County Durham Towns and Villages Reserve, which brings the total value of this Reserve to £20 million and which is available for local investment. Furthermore, a series of one-off investments totalling £1.9 million are being made in Adults services across a range of areas designed to improve services for some of our most vulnerable residents, as well as investing in improving efficiency across the service.

The additional funding provided in the 2020/21 provisional settlement does have to be viewed against a background of almost ten years of austerity and unfunded cost pressures. The financial outlook for the council will continue to be extremely uncertain until the CSR is concluded for 2021/22 financial year – however details of the outcome of this spending review are not likely to be known until December 2020 which continues to make accurate medium term financial planning extremely difficult.

The Fair Funding Review which was originally scheduled for implementation from April 2020 alongside a move to 75% Business Rates Retention (BRR) has been delayed until at least 2021/22. There is no certainty therefore in terms of the quantum of funding available to local government from 2021/22 onwards nor how this funding will be apportioned between authorities. 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. The council is likely to face further cost pressures in the future which historically have not been fully funded by government in areas such as social care.

Indications from the ongoing Fair Funding Review discussions are that the government is still considering the adoption of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant. This is a significant financial risk with the council losing more Public Health funding than any other authority in the country - a forecast loss of £18 million (circa 35%). The ACRA formula results in a significant shift in Public Health funding from deprived areas to more affluent areas. Concerns over the future distribution of Adults funding are also emerging.

It is considered likely at this stage that any variance in government grant allocations arising 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 outcomes. Given the extent of risk associated with the loss of public health funding, assumed losses of government funding arising from the Fair Funding Review have been included in MTFP(10) planning assumptions.

The Provisional Local Government Finance Settlement was announced on 20 December 2019 and confirmed an increase in the Social Care Grant for 2020/21 of £12.830 million from £4.820 million to £17.650 million. The settlement indicated that the Social Care Grant funding will be available to local authorities in the future although the Ministry for Housing, Communities and Local Government (MHCLG) has confirmed that the allocation methodology for this funding beyond 2020/21 cannot be confirmed at this stage.

In addition, it was announced that local authorities with social care responsibilities would be able to increase council tax by up to 2% in 2020/21 as an 'Adult Social Care Precept'. This is in addition to the 2% referendum limit for council tax and results in a maximum council tax increase before a referendum is required of 3.99%.

The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant (HNDSG) budget which provides support to children with special needs. Additional funding of £8.664 million has been provided for 2020/21 which will help to meet current overspend in this budget area but will not cover the pressure in 2020/2021.

The government have confirmed however that the General Fund can no longer support the HNDSG. If on-going additional funding is not identified beyond 2020/21 by government, the council will be forced to consider service changes to ensure expenditure is managed within available funding.

The settlement confirmed that the government intends to continue 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.

For those authorities still in receipt of RSG, of which Durham is one, the settlement also confirmed that there would be no reduction in this grant for the first time since 2009/10. A 1.63% inflationary uplift will be applied to the council's current RSG of £27.620 million providing a £0.450 million increase. In addition, the last tranche of the Improved Better Care Fund of £4.0 million is to be retained in 2020/21, however unlike the social care grant, there is no reference to this funding being continued beyond 2020/21.

Whilst the financial settlement for the council has improved for 2020/21, a clear focus remains to realise improvements in efficiency and to deliver value for money savings. Savings of £6.2 million approved in MTFP(9) continue across the MTFP(10) period alongside an additional £9.5 million savings identified for MTFP(10). This provides £15.7 million of budget support across MTFP(10) with £8 million of this sum available in 2020/21.

With this in mind consideration has been given to a range of short term priority investments for 2020/21 which utilise the additional funding available to the council. Additional investments are set out which provide additional funding for climate change priorities, highways and housing, reducing poverty and inequality as well as investing in children's and library services. In addition, there will be additional investment in front line neighbourhoods services, in adult services and in culture and sport. In total these investments amount to over £22 million in 2020/21 and require £2.7 million to be allocated from the Budget Support Reserve (BSR) and £1.9 million from the Adult and Health Services Cash Limit.

Although additional funding is available for 2020/21 the council still expects to face significant budget pressures across the MTFP(10) period, particularly in social care services. At this stage, taking account of the risks associated with the Fair Funding Review, it is forecast that additional savings of £32 million will be required across MTFP(10) with increases in business rates and council tax not expected to keep up with the scale of budget pressures faced.

The council will continue to plan on the basis of a requirement to identify future savings to ensure future years' budgets can be balanced.

In total the £15.7 million of savings proposed for MTFP(10) period results in the council having saved £250 million since 2011/12. The forecast £32 million shortfall across the MTFP(10) period would result in total savings of up to 2023/24 of £282 million.

During the significant period of austerity, the authority has continued to prioritise investment in the capital programme. MTFP(10) has a further significant investment in the capital programme with additional schemes approved of £104 million taking the forecast investment from 2019/20 to 2023/24 to £444 million. The main additional investment in MTFP(10) relates to the Leisure Review where additional investment in MTFP(10) of £26.0 million is included which will increase to a forecast £62.8 million in MTFP(11).

The council's MTFP strategy since 2010/11 has been to protect front line services as far as possible and the 2020/21 proposals are in line with this strategy both in terms of savings being realised and additional investment. 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 were included in the report for the MTFP(10) period and were shown at Appendix 5 of the report.

In the setting of council tax levels for 2020/21, careful consideration has been given to the significant future financial pressures facing the Council and the lack of information in relation to future financial settlements. The government has confirmed that the Council Tax referendum limit for 2020/21 will be 2%. The council also has the option to increase Council Tax by an additional 2% for an adult social care precept in 2020/21 with the government-published Core Spending Power figures assuming all authorities utilise the ability to increase council tax by the maximum possible sum.

After considering the impact on the council's budget and Council Tax payers, this report recommends a 1.99% increase in the Council's Band D Council Tax in 2020/21 which is below the 2% 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 £8.8 million per annum. The total increase would result in a Band D increase of £1.22 a week and an increase of 81 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 included some very positive outcomes for the people of County Durham including:

- (a) significant one-off investment in a broad range of priority front line services;
- (b) 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;
- (c) 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;
- (d) significant investment in capital expenditure including investment in leisure provision, in our town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £103.6 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 2020/21 savings have been analysed.

Decision

The Cabinet resolved to recommend to Full Council:

(a) 2020/21 Revenue Budget

- (i) approve the identified base budget pressures included in paragraph 81 of the report;
- (ii) approve the short term investments included in paragraph 88 and detailed in Appendix 4 of the report;
- (iii) approve the savings plans detailed in Appendix 5 of the report;
- (iv) approve a 1.99% 2020/21 Council Tax increase and a further 2% increase which relates to the Adult Social Care precept, totalling 3.99%;
- (v) approve the 2020/21 Net Budget Requirement of £430.059 million.

(b) MTFP(10)

- (i) agree the forecast MTFP(10) financial position;

- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director of 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 £32 million;
- (iv) note the transfer of £10 million of earmarked reserves into the Town and Villages Reserve.

(c) Capital Budget

- (i) approve the revised 2019/20 Capital Budget of £117.574 million and the 2020/21 Capital Budget of £199.043 million;
- (ii) approve the Capital Strategy at Appendix 10 of the report;
- (iii) approve the additional capital schemes detailed at Appendix 11 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(10) Capital Budget of £443.562 million for 2019/20 to 2022/23 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 at paragraphs 162 to 212 and in Appendix 12 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(10) period which is regularly reported to Cabinet.

(f) Pay Policy

- (i) approve the Pay Policy Statement at Appendix 13 of the report.

(g) Risk Assessment

- (i) note the risks to be managed over the MTFP(10) period.

(h) Dedicated Schools Grant

- (i) note the position on the Dedicated Schools Grant and the need to submit a recovery plan to the DfE by 30 June 2020 in relation to the deficit on the High Needs DSG reserve account;
- (ii) approve the formula set out in Table 18 above and authorise the Corporate Director of Resources to approve any amendments required following review by the DfE.

(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 14 of the report.

(j) Prudential Code, Treasury Management and Property Investment

- (i) agree the Prudential Indications and Limits for 2020/21 – 2023/24 contained within Appendix 15 of the report, including the Authorised Limit Prudential Indicator;
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 15 which sets out the council's policy on MRP;
- (iii) agree the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 15 of the report;

- (iv) agree the Cash Investment Strategy 2020/21 contained in the Treasury Management Strategy (Appendix 15 of the report including the detailed criteria);
- (v) approve the Property Investment Strategy at Appendix 16 of the report.

School Admission Arrangements Academic Year 2021/22

[Key Decision: CYPS/03/2019]

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 2021/22 academic year.

All admission authorities must agree admission arrangements annually. However, if there are no changes proposed, they only need to be consulted on at least every 7 years. The current admission arrangements were consulted on between 1 October to 31 December 2018. There were no changes proposed to the current admission arrangements that required public consultation, other than that some schools have a proposed reduction in their admission number due a change in the net capacity or for the purposes of more efficient and effective curriculum delivery. The proposed admission number for each Community and Voluntary Controlled School was detailed in Appendix 2 of the report.

Decision

The Cabinet approved:

- (a) The admission numbers as detailed in Appendix 2 of the report;
- (b) The admission arrangements as detailed in Appendix 3 of the report.

Climate Change Emergency Response Plan

Summary

The Cabinet considered a report of the Interim Corporate Director of Regeneration and Local Services which detailed the findings of widespread consultation with residents, community groups, schools, businesses and Council staff on the emerging plans to reduce carbon in all Council activities and across the county as a whole. The report presented a costed two year action plan, which incorporated the findings from the consultation, provided an additional £3 million funding over two years (second year is subject to the

Government's financial settlement) to support a total programme of £13.2 million of schemes to reduce Council emissions, and a countywide programme in excess of £50 million inclusive of external grants (secured and bid).

On 20 February 2019 the County Council declared a Climate Change Emergency and set ambitious targets to reduce its own carbon emissions by 60% by 2030 (from a 2008/9 baseline) and to investigate what further actions are necessary to make County Durham carbon neutral by 2050 (from a 1990 baseline).

The Climate Change Emergency declaration required a report to be delivered within six months, to set out how these targets might be delivered. A report was presented to Council on 17 July 2019 and described a wide range of work areas from renewable energy, to more efficient buildings, fleet and transportation as well as carbon offset initiatives such as tree planting. Whilst it was agreed that much of the existing work should of course continue, such as a new solar farm at Tanfield Lea and electric vehicle charging infrastructure schemes, it was also resolved that the outline future plans should be subject to widespread consultation, as delivery of many of these schemes requires a collective approach.

Consultation was undertaken between 19 September and 31 October 2019. Over a thousand responses were received ranging from a simple questionnaire return to more comprehensive responses. Young people were also engaged with workshops held in 31 primary schools and 7 secondary schools.

The large volume of responses received indicated a strong interest in the issue of climate change, and the details reveal support for the Council's overall approach. Priorities identified for the Council include reducing the need for travel, more renewable energy, existing buildings to be energy efficient, and new buildings to be as low carbon as possible. Priorities countywide include tree planting, reducing waste, more renewable energy, walking and cycling. It is clear from the responses that there is considerable appetite for partnership working, especially with utility companies. Several responses requested the Council consider even more ambitious targets.

Arising from the consultation responses a two year costed action plan has been developed which was attached to the report at Appendix 2. This includes a £3 million additional support for new projects (in addition to existing commitments, European funded and invest to save projects). The second year of this (2021/2) is contingent on a financial settlement from Government equivalent or more than that in 2020/21.

It describes over 100 individual projects, many of them carbon costed so that their contribution to the targets can be identified. It will be regularly reviewed and updated as new initiatives and opportunities emerge.

For the Council a range of specific projects are identified. These include:

- LED lighting replacements for 17,000 streetlights, Gala theatre and a number of Council owned buildings, including schools;
- a commitment to further reduce the carbon footprint of the new headquarters by building on the energy efficiency measures already in place, and, subject to planning approval, installation of solar panels. Furthermore the feasibility of offsetting the remaining carbon footprint will be explored which would include an independently audited process;
- a move to greater numbers of electric vehicles including the Council's 26 pool cars. The first two electric vehicles for our service fleet were introduced to operations in January 2020.

Consultation feedback revealed a strong interest in improving the natural environment, reduced waste and increased use of renewables. Measures included in this report include:

- a substantial programme of tree planting supported by successful schemes such as the £820,000 Woodland Revival and £1 million Urban Tree Challenge Fund, as well as new schemes such as a commitment to plant 10,000 trees in each Area Action Partnership area. In total this would be an estimated 358,000 trees, on top of the estimated 953,142 from 2000 to date;
- continued support for business, through the Business Energy Efficiency Project (BEEP), and development of proposals for District heating networks in Durham City;
- a £500,000 Community Investment Fund to financially assist community groups to reduce their carbon impact through energy efficiency, and renewables. Where possible, this budget will be "evergreen" loan, with financial savings being reutilised to invest in more schemes.

The Council (measured in 2018/19) has already reduced its carbon footprint by 47% from 2008/9 levels. Whilst 2019/20 performance is unknown at present, they are anticipated to reduce still further, and the measures contained in this report, supported by extra investment, provide a further 6,638 carbon tonnes annual reduction or 5.5% overall. This has allowed progress to be "ahead of the curve" and therefore an even more ambitious target of 80% reduction by 2030 is now proposed for consideration.

Whilst the countywide 2050 carbon neutral target looks daunting, it is felt that there has already been sufficient progress, including nationally with the continued decarbonisation of the national grid for the first staged target outlined to Council on 17 July 2019 to be raised from 55% to 60% by 2020.

The achievement of this target will not be known until August 2022. The appointment of an elected Member Climate Change Champion and the recent establishment of a new Service Grouping and recruitment of a Corporate Director for Neighbourhoods and Climate Change provides an opportunity for strong corporate leadership to ensure all Council services can fulfil their potential in working towards Members' commitments to substantial carbon reductions. Alongside the specific projects, the plans propose a cultural change of increased "carbon consciousness".

Decision

The Cabinet:

- (a) noted the considerable consultation feedback from residents, staff, community groups, schools and businesses regarding the emerging climate change plans outlined to Council in July 2019;
- (b) approved the Climate Change Emergency Action Plan (2020-2022) set out in the report which builds on the feedback and details in excess of 100 projects, funded from a variety of sources including £3 million additional funding;
- (c) noted that in the light of recent projects, future investment and updated forecasts, raise the Council target for carbon reductions from 60% to 80% by 2030 (from a 2008/9 baseline) and the countywide target from 55% to 60% by 2020 (reported in 2022);
- (d) requested the Council's Overview and Scrutiny Committee to review performance against plan, where appropriate making recommendations for revision of future targets.

Indices of Deprivation 2019 Summary for County Durham

Summary

The Cabinet considered a report of the Corporate Director of Resources which provided key messages and selected analyses for County Durham from the recently released Index of Deprivation 2019 (ID2019).

The English Indices of Deprivation measure relative levels of deprivation in 32,844 small areas or neighbourhoods, called Lower-layer Super Output Areas, in England. Summaries are also produced for Local Authorities.

Whilst the Indices are produced using national datasets to a fixed methodology there are some potential issues for this release which should be taken into consideration.

The introduction of Universal Credit (UC) indicators in the Employment and Income domains of ID2019 may have had some effect on individual and local authority area scores and subsequent rankings. The time period for these indicators was 2015/16, prior to roll out of UC in County Durham and many

other local authorities. Given that the rollout of UC only applied to those who had a change of circumstances, numbers locally are likely to be low during the time period in question, and therefore the impact is anticipated to be low. We will however continue to monitor this situation. County Durham, and small areas within, have experienced significant changes to both score and rank within the Crime domain. This may be accounted for by a combination of i) extending the data period from one year to two years and ii) changes/improvements to crime recording by Durham Constabulary over this time period. Initial analysis of Durham Constabulary data shows increased levels of recorded crime across most crime categories which can be attributed to these changes in recording. The experience of County Durham is mirrored in Darlington, which supports this theory. Further work should be undertaken to fully investigate this.

Decision

The Cabinet:

- a) Noted the content of the report, and to ensure future policies, strategies, plans and funding bids contain the latest information and analyses relating to deprivation in County Durham.
- b) Authorised the report to progress to Partnership Boards for information and update and to be disseminated further as appropriate.
- c) Noted that this content and further analyses relating to deprivation will be publicly available via the Deprivation theme on [Durham Insight](#)

Helen Lynch
Head of Legal & Democratic Services
14 February 2020