



Corporate Overview and Scrutiny Management Board

Date **Friday 13 September 2019**
Time **9.30 am**
Venue **Committee Room 2 - County Hall, Durham**

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chairman's
agreement.**

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held on 21 June 2019 and of the special meeting held on 23 July 2019 (Pages 3 - 18)
4. Declarations of Interest
5. Quarter 1 June 2019: Forecast of Revenue and Capital Outturn 2019/20 and Revenue and Capital Outturn 2018/19 (Pages 19 - 56)
 - i. Report of the Corporate Director of Resources
 - ii. Report of the Director of Transformation and Partnerships
6. Update on the delivery of the Medium Term - Financial Plan 8 - Report of the Director of Transformation and Partnerships (Pages 57 - 62)
7. Medium Term Financial Plan (10) 2020/21 to 2023/24 and Review of the Local Council Tax Reduction Scheme for 2020/21 - Joint report of the Corporate Director of Resources and the Director of Transformation and Partnerships (Pages 63 - 96)
8. Review of the Council Tax Long Term Empty Premium Charges - Report of the Corporate Director of Resources (Pages 97 - 142)
9. Smarter Working - Report of the Director of Transformation and Partnerships (Pages 143 - 170)
10. Notice of Key Decisions - Report of Head of Legal and Democratic Services (Pages 171 - 180)

11. Information Update from the Chairs of the Overview and Scrutiny Committees - Report of Director of Transformation and Partnerships (Pages 181 - 188)
12. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
5 September 2019

To: **The Members of the Corporate Overview and Scrutiny
Management Board**

Councillor R Crute (Chair)
Councillor A Batey (Vice-Chair)

Councillors E Adam, R Bell, D Boyes, J Chaplow, M Clarke, A Hopgood, P Jopling, B Kellest, H Liddle, L Maddison, J Makepeace, R Manchester, C Martin, O Milburn, C Potts, J Robinson, J Rowlandson, A Savory, A Shield, H Smith, F Tinsley, J Turnbull, M Wilkes and A Willis

Contact: Martin Tindle

Email: 03000 269713

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2 - County Hall, Durham on **Friday 21 June 2019 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors E Adam, R Bell, M Clarke, A Hopgood, P Jopling, B Kellett, L Maddison, J Makepeace, R Manchester, C Martin, C Potts, J Rowlandson, H Smith, F Tinsley, J Turnbull, M Wilkes, A Willis and J Nicholson (substitute for A Shield)

Also in attendance:

Councillors J Considine and A Patterson

The Chair welcomed new members to Corporate Overview and Scrutiny Management Board.

1 Apologies for Absence

Apologies for absence were received from Councillors A Batey, D Boyes, J Chaplow, H Liddle, O Milburn, J Robinson, A Savory and A Shield.

2 Substitute Members

Councillor J Nicholson, substitute for Councillor A Shield.

3 Minutes

The minutes of the meetings held on 4 and 18 March 2019 were agreed as a correct record and signed by the Chair, subject to Councillor H Smith being added to the attendance of the minutes of the meeting held on 4 March 2019.

Matters Arising

With regards to matters arising from the minutes of the meeting held on 18 March 2019, the Corporate Scrutiny and Strategy Manager confirmed the following:

- Minute no. 5 paragraph 2 - Councillor Wilkes requested further information regarding gaps identified in savings targets. The response from the services was that a rigorous process was in place for all targets and they were aware of issues in advance to make alternative provision if necessary. He added that the Head of Corporate Finance and Commercial Services was attending the meeting on 23 July and would be able to answer any further questions;
- Minute no. 5 paragraph 3 - Councillor Batey asked for a breakdown of female to male staff ratio which had been provided to members following the meeting;
- Minute no. 6 paragraph 8 – Councillor Patterson asked for a breakdown in relation to complaints that relate to third party providers which had been provided;
- Minute no. 6 paragraph 9 – Councillor Tinsley asked for comparative data regarding Ombudsman’s complaints which will now be included in future reports;
- Minute no. 7 paragraph 7 – Councillor Wilkes raised issues around attendance management which had been incorporated in the work programme and a follow up report would be reported to a future meeting;
- Minute no. 7 paragraph 17 – Councillor Liddle asked about the Suicide Prevention Plan. The Corporate Scrutiny and Strategy Manager advised that the plan had not been finalised yet, however it was included in the Adults Wellbeing and Health Overview and Scrutiny Committee work programme;
- Minute no. 9 paragraph 3 – Councillor Martin queried if the Board would be considering the governments review of scrutiny statutory guidance. The Corporate Scrutiny and Strategy Manager confirmed that the guidance had now been issued to all Board members and was being considered by the Constitution Working Group on 8 July and would then be reported back to the Board on 23 July 2019.

4 Declarations of Interest

There were no declarations of interest.

5 Quarter 4 2018/19 Council's use of powers under the Regulation of Investigatory Powers Act 2000

The Board considered a report of the Head of Legal and Democratic Services which informed members about the Council's use of powers under the Regulation of Investigatory Powers Act ('RIPA') during the period 1 January 2019 until 31 March 2019 (Quarter 4) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose (for copy see file of minutes).

The Governance Solicitor advised that there had been one RIPA Directed Surveillance operation and no Covert Human Intelligence Surveillances applications made during Quarter 4.

Resolved:

That the quarterly report on the Council's use of RIPA for the period 1 January 2019 until 31 March 2019 be received and note that it is being used consistently with the Council's policy and that it remains fit for purpose.

6 Quarter 4 2018/19 Performance Management

The Board considered a report of the Director of Transformation and Partnerships which presented progress towards achieving the key outcomes of the Council's corporate performance framework (for copy see file of minutes).

The Corporate Scrutiny and Strategy Manager reported the key performance messages for the quarter by priority theme.

Councillor R Bell referred to the Altogether Wealthier theme and the recycling plant at Seaham and asked if it was possible to show that County Durham's recycling waste was being processed responsibly. The Corporate Scrutiny and Strategy Manager would enquire if figures could be obtained.

In response to a question from Councillor Kellett regarding the key employment rate statistics for males, the Corporate Scrutiny and Strategy Manager confirmed that the figure was inclusive of full time and part time employment and would provide a breakdown in future reports.

Councillor Kellett further commented on the percentage of business surviving in the first 5 years and queried if there was an explanation why Durham's first year figures were better than the North East and England figures, however by year 5 this had reduced significantly.

Councillor Crute added that questions have previously been raised at Economy and Enterprise Overview and Scrutiny Committee with regards to

the value of the jobs identified in the employment figures. He highlighted the large gap between household disposable income and the national average which needs addressing.

Councillor Hopgood referred to the recycling matters campaign and suggested it would be beneficial for the public to see the monetary aspect of recycling and show the additional benefits that could be made to local services if people recycled correctly. She highlighted that every Council in the Country has a different recycling policy which causes confusion for residence who move into the area.

Councillor Hopgood then referred to page 65 of the report and asked if there was an explanation to why the figures for cleanliness of pavements and roads, road markings, maintenance of verges/trees/shrubs and weedkilling on pavements and roads have all reduced from 2016. The Corporate Scrutiny and Strategy Manager advised that figures come from the National Highways and Transport Survey and explained that statistically the figures could be the same as a survey result procures an estimate of the satisfaction levels of the whole population plus or minus a confidence interval based on the sample size.

Referring to gross value added (GVA) figures, Councillor Tinsley felt it was important to look at the gross domestic product (GDP) figures. He was concerned that the figures do not match with an improving economy in terms of employment and asked that GDP figures be provided next time.

Councillor Crute referred to the table on Page 78 of the report in relation to the value of GVA growth from jobs created. He queried the figures as there seemed to be a discrepancy between the figures show 12 months earlier.

With regards to recycling, Councillor Adam advised that the Environment and Sustainable Communities Overview and Scrutiny Committee have discussed the 'bin it right campaign' on numerous occasions and were continuing to look at the issue. He added that 18% of recycled material was contaminated which needs addressing and was on the Environment and Sustainable Communities Overview and Scrutiny work programme to look at specific areas.

In relation to the point raised by Councillor R Bell regarding recycling products, Councillor Adam read out a statement from officers of the Council. The Board were reassured that recycling was carried out appropriately in County Durham and no recycled plastics were being discarded abroad. He added that controls were in place by Government and the Environment Agency.

Responding to a query from Councillor Makepeace regarding safeguarded jobs, the Corporate Scrutiny and Strategy Manager clarified that the Council work with companies to ensure job levels are retained.

Councillor Crute responded to a question from Councillor Makepeace regarding maintaining social worker caseload levels. He advised that Children and Young People's Services Overview and Scrutiny Committee carried out a piece of work looking at the role of the social worker through a child's perspective. One of the issues from the review was the number of caseloads each social worker was assigned and the impact that was having on the quality of service. Another main factor was recruitment which was being address by the social worker academy which has been established.

Councillor Makepeace referred to the crime figures and expressed concern regarding incidents that are no longer recorded as crimes such as traffic violations which are not being investigated and are reflected in police performance, however public satisfaction figures have not increased. He asked if it was possible to have a list of issues that were no longer investigated.

Councillor Crute added that the crime figures reported at PAC meetings were rising and there was concern with public perception regarding the police and Council's ability to tackle antisocial behaviour. The Corporate Scrutiny and Strategy Manager explained there were two perception measures of the survey, one is the public's satisfaction with the police which is increasing and the other is the public's satisfaction with the police and Council working together which is going down. The Corporate Scrutiny and Strategy Manager gave examples of certain categories recorded as crimes but not pursued by the police.

In response to concerns raised by Councillor Makepeace regarding tree maintenance, Councillor Adam advised that the policy has been reviewed by Environment and Sustainable Communities Overview and Scrutiny Committee and clarified that trees were being maintained. He added that the policy recognises the need to balance the requirement to protect trees and the actions required if trees are dangerous or causing any health and safety issues.

Councillor Turnbull commented on the conflicting instructions with regards to the recycling instruction on the bags that are posted through doors. After making enquiries with the service he was told that the Council's policy was to put the bags in the recycle waste, not the garden waste. Councillor Crute added that manufacturers contribute to the confusion by printing the recycling instructions on products as recycling differs in different parts of the country. He hoped that guidance published with the campaign would clarify the issue.

Councillor R Bell was interested to see the new recycling centre at Seaham in operation and agreed with Councillor Hopgood comments regarding publicising the benefits of recycling correctly.

Councillor Wilkes referred to Page 37 of the report regarding 70,000 passengers expected to use Horden train station each year. He expressed

concern with the calculations of passengers per train and advised that with the £10million investment there should be more advertising and promotions focusing on attracting people from further afield. He asked what has been done to get things off the ground and to make it successful. The Corporate Scrutiny and Strategy Manager advised that he would provide Councillor Wilkes with background information.

Responding to a query from Councillor Jopling regarding food waste, the Corporate Scrutiny and Strategy Manager advised that an independent evaluation on food waste had been planned, however central government were in the process of introducing a draft national food waste strategy. He referred to the cost implication for the Council with regards to the evaluation and introduction of a food waste strategy. It was anticipated that funding would be received from central government when the national strategy is introduced.

Resolved:

That the Board considers the overall position and direction of travel in relation to quarter four performance, and the actions being taken to address areas of underperformance.

7 Overview and Scrutiny Annual Report 2018/19

The Board considered a report of the Director of Transformation and Partnerships which presented the Overview and Scrutiny Annual Report 2018/19 for comment and approval prior to its submission to the County Council meeting on 17 July 2019 (for copy see file of minutes).

Councillor Hopgood commented on the wording referred to on page 112 of the report regarding cooptees and suggested the wording 'act as a non-political voice' be changed to 'act as an independent voice'.

Responding to a comment from Councillor R Bell regarding the increased use of twitter, Councillor Crute confirmed that officers would be reporting any significant issues raised via twitter back to the relevant Overview and Scrutiny Committees.

Councillor Crute thanked officers for producing the report and thanked Chairs and Vice-Chairs of Overview and Scrutiny and cooptees for their input over the last year.

Resolved: That the content of the report be approved for submission to County Council.

8 Work Programme 2019/20 for the Corporate Overview and Scrutiny Management Board

The Board considered a report of the Director of Transformation and Partnerships which provided the opportunity to review and refresh the work programme for 2019/20 (for copy see file of minutes).

Councillor Tinsley referred to the Council's carbon emissions policy in relation to electric vehicles and the vast changes in this sector. He felt there was a crossover of priority themes and suggested a joint committee be arranged which would be better suited to consider the issue. Councillor Crute advised the matter would initially fall within the remit of Environment and Sustainable Communities Overview and Scrutiny Committee, however he was happy to discuss outside the meeting.

With regards to attendance management, Councillor Hopgood was hopeful to see a different approach from what had been done previously and suggested the option to look at outsourcing of sickness absence management. Councillor Crute took the comment on board, however he explained that it was best practice to look at previous review recommendations with a view to considering a fresh approach.

Resolved:

That the content of the work programme for 2019/20 be agreed.

9 Update in relation to Petitions

The Board considered a report of the Head of Legal and Democratic Services which provided information on 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 three e-petitions had been submitted, all of which had been closed and no new e-petitions had been received.

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 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 informed the Board that the following were new to the plan:

- Update on Planning of Budget and Development of Service Plans;
- Bowes Museum Update;
- Selective Licensing Business Case;
- County Durham Housing Strategy and County Durham Homelessness Strategy.

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 19 March 2019 to June 2019 (for copy see file of minutes).

Resolved:

That the content of the report be noted.

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Council Chamber - County Hall, Durham on **Tuesday 23 July 2019 at 9.30 am**

Present:

Councillor R Crute (Chair)

Members of the Committee:

Councillors E Adam, R Bell, M Clarke, A Hopgood, P Jopling, L Maddison, R Manchester, C Martin, O Milburn, C Potts, J Rowlandson, F Tinsley, J Turnbull, M Wilkes, J Nicholson, P Crathorne, T Henderson, S Quinn and O Temple

1 Apologies for Absence

Apologies for absence were received from Councillors D Boyes, J Chaplow, B Kellett, H Liddle, J Makepeace, J Robinson, A Savory, A Shield, H Smith and A Willis

2 Substitute Members

Councillor J Nicholson for Councillor S Shield

3 Declarations of Interest

There were no declarations of interest.

4 A Vision for County Durham 2035

The Board received a report of the Director of Transformation and Partnerships that presented the proposed new County Durham Vision to overview and scrutiny members as part of the final third phase of the consultation process (for copy see file of Minutes).

The Head of Strategy gave a detailed presentation that highlighted:-

- Why we needed to change
- Building on our success – examples of the increase in employment, economy, reducing carbon emissions, improving recycling
- Area Action Partnerships (AAP) success
- Recognising Partners

- Recognising still a long way to go
- Over 24,000 responders to the consultation so far
- What was important to those who have responded –
 - Economy
 - Children and Young People
 - Health and Wellbeing
 - Tourism
 - Housing
 - Towns and Villages
 - Communities
 - Transport
- Proposed Ambition and Objectives –
 - More and Better Jobs
 - Long and Independent Lives
 - Connected Communities

The Head of Strategy informed the Board that the proposed Vision was as follows:-

‘Our vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive’

A short promotion video was shown on the vision and the Chair thanked the Head of Strategy for her presentation.

Councillor Bell referring to page 11 of the report highlighting tourism, said that a strong message through his AAP was to broaden the offer for tourism across the whole of the County, as it was felt that the current offer was too Durham centric.

The Chair asked that the comments via Economy and Enterprise Overview and Scrutiny Committee also be reflected relating to the Dales and the East and West of the County.

In response the Head of Strategy confirmed that the Director of Transformation and Partnerships had presented the vision at the Teesdale AAP and the comments had been noted. In relation to Newton Aycliffe, there had been comments received about looking at the East of the County and in particular the countryside and how the natural environment would be affected.

Referring to page 13 of the report, Councillor Maddison asked if there would be a focus around technology to inspire new ways of working in care homes, for example. The Head of Strategy said that technology had also been

picked up during the feedback on the vision and could be strengthened. Data comparators would also be explored.

In terms of the video, Councillor Rowlandson found it to be rather old fashioned and was informed that this was developed in house for consultation purposes only to support the images shown. The Head of Strategy advised that it was not being proposed to use this in its current form for the launch.

Councillor Crathorne asked how the County would help support and develop the small villages and encourage regeneration, especially those colliery villages that had declined over the years. The Head of Strategy said that this had been a message throughout the AAPs and that it was a real challenge to achieve a sense of realism and balance. The vision hoped to achieve more and better jobs for the whole of the population across County Durham and there was a big focus on children and young people. There would be an emphasis on the education system and skills development and ensuring that local young people could access all opportunities, tackling poverty and deprivation. She added that the vision did not constitute a delivery plan, and that this would be done through existing and new plans. With regards to poverty she informed the Board that there was a poverty working group, chaired by the Director of Transformation and Partnerships.

The Chair said that the vision sets out a broad strategic vision for 2035 and that the Council will be looking at delivery through all of their strategies and plans and through regional boards and local industrial strategies. He emphasised the need for partnership working.

Referring to page 4 of the vision statement, Councillor Tinsley felt that emphasis on more and better jobs should reflect more about poverty and deprivation, as he felt that this was a key element. He was pleased to see the good news on the economy highlighted through the success of Hitachi however was concerned about the demise of the high street and the increase in the use of the foodbanks. He also expressed concerns should the UK leave the EU and felt that if this was the case that the whole vision would need to be re-written to reflect the changes in the economy and the impact this would have on deprivation and poverty. The Chair pointed out that the document was flexible and that risks would be addressed. The Head of Strategy confirmed that deprivation and poverty feature multiple times within the vision document and there was strong feedback from the AAPs to focus on children and young people.

Councillor Hopgood referencing page 15 of the report, said that secondary education was not mentioned and felt that there should be greater emphasis placed on this including working more with academies. The Head of Strategy advised that young people were reflected within the document and access to

good education, employment and a link between primary and secondary schools would be looked at.

With regards to page 10 of the report that sought to reduce carbon emissions and mitigate the impact of climate change, Councillor Wilkes expressed his concerns that this was not early enough and that more should be done to address this sooner.

Councillor Quinn congratulated the team involved in making the presentational video and felt that this made a strong link to the history of the county. She agreed that poverty in the area was a big problem but supported the vision as things needed to move forward.

Ms Morris shared a lot of the views and comments raised but felt that the vision could be misunderstood as being neutral. She said that there should be some bold statements made such as doubling the number of graduates, doubling the number of students achieving a level three. She believed that we should celebrate what could be achieved and that the vision could be sharper.

Referring to Durham University, Councillor Jopling said that it would be good if more local children could go there. With regards to tourism she agreed with the earlier points made by Councillor Bell and that it should be promoted throughout the whole of the County so that each area had something to offer. She also added that high streets needed re-investment to help the economy grow. The Chair explained that the retail offer review, from the Economy and Enterprise Overview and Scrutiny Committee, was reflected in the findings.

Councillor Bell said that there needed to be greater control from central planning and housing with regards to council tax on empty properties and the availability of social housing. As young people tended to want to move into newer estates he said that it was important to link the vision with the delivery stage. The Chair agreed that the issue of the failure of the housing market should be highlighted however it was important to replace empty properties with a level of affordable options.

Councillor Maddison said that it was a long process to bring properties back into use and that she thought there should be a deadline pushed by government to enable housing companies to take back properties not in use.

Resolved:

That the new vision and the comments received, be noted.

5 Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities

The Board received a report of the Director of Transformation and Partnerships that provided information on the new statutory guidance on overview and scrutiny in local government and combined authorities published on 7 May 2019 by the Ministry of Housing, Communities and Local Government, and to consider the Council's response (for copy see file of Minutes).

The Head of Strategy informed the Board that the Council's overview and scrutiny arrangements were already robust and effective. It could be demonstrated that much of the new guidance was already incorporated into the scrutiny work carried out. She went on to highlight the four principles of scrutiny, which were already embedded in the overview and scrutiny guidance:-

- Provide constructive 'critical friend' challenge;
- Amplify the voices and concerns of the public;
- Be led by independent people who take responsibility for their role;
- Drive improvement in public services

The guidance covered six areas – culture, resourcing, selecting committee members, power to access information, planning work and evidence sessions.

The Head of Strategy advised of the actions required further to the new guidance and a report would be discussed at the Constitution Working Group prior to submission to Cabinet and full Council. This included training for officers when presenting reports, training for members around finance and questioning, a quarterly update to Council, scrutiny to be sighted on North East Combined Authority (NECA) working and the reporting of thematic overview and scrutiny work programmes to COSMB.

Councillor Wilkes said that in order to ensure the independence of the leadership of the scrutiny committees there should be political balance rules for the election of chairs and vice-chairs and he suggested that a secret ballot would work. He referred to budget proposals and said that having an independent chair would ensure they had the proper consideration. He went on to say that all councillors should be considered for these roles and that there were a number of councillors who were more than capable of carrying out the role of chair or vice-chair. He reminded members that scrutiny should be non-political.

Councillor Clarke agreed that having feedback from NECA and what was being considered relevant to this area would be helpful.

Referring to page 46 of the report which set out that an independent mindset was fundamental in the approach to carrying out this work, and that the

scrutiny chairs should work pro-actively to set the work programme, Councillor Hopgood felt that this could not be achieved when one party had overall control. She said that it was important to look forward towards 2035 in line with the County Durham Vision, and not backwards.

With regards to the point made about a secret ballot, Councillor Martin agreed that this would prevent members from having to toe the party line and make independent decisions on who was best for the role of chair and vice-chair. He questioned how this was independent when the decision on who to elect to the positions of chairs and vice-chairs at full Council had already been made at the Labour Group meetings.

Councillor Tinsley disagreed and confirmed that decisions should be made at full Council. He believed the comments around the need for a secret ballot were disingenuous.

Councillor Temple said that there should be equality between councillors who have been elected by residents to be able to chair an overview and scrutiny committee and the vote should be opened up at full Council. He suggested that the Constitution Working Group consider widening the talent pool of councillors eligible.

Resolved:

- (i) That comments and consideration of the new guidance be noted.
- (ii) That comments upon the recommendations set out in the report be noted.
- (iii) That a report to be submitted to the Constitution Working Group following completion of any work required as set out in the report be noted.

6 County Durham Partnership update

The Board considered a report of the Director of Transformation and Partnerships which updated Members 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).

Councillor Tinsley commented that there were good results within the primary schools that should be sustained throughout the secondary education. He also expressed the importance of retaining young people in the local area and asked that the partnership focus on this.

Councillor Bell commended the work of the AAPs and in particular the information shared in relation to foodbanks, mental health and other groups

in the Teesdale area. He also commented that should young people be leaving the area for employment it would make the unemployment figure look better than what it actually was.

Resolved:

That the content of the report be noted.

7 Year End 2018/19 Customer Feedback

The Board considered a joint report of the Corporate Director of Resources and Director of Transformation and Partnerships, which presented the Customer Feedback: Complaints, Compliments and Suggestions report for 2018/19 (for copy see file of Minutes).

The Chair was pleased to see the reduction in complaints to the Local Government Ombudsman due to the robust systems in place.

With regards to the way in which people were kept up to date with cases, Councillor Clarke asked if Heads of Service looked at queries in the first instance and allocated cases according to workload. He added that it was important to get things right at the early stages of a complaint which would prevent it escalating. The Chair agreed that this could be frustrating for the complainant.

The Customer Relations Team Manager responded that there had been some challenges around communication and timelines but the service had been pro-active using the portal to track the journey of a complaint. This helped drill down the statistical data. She added that the majority of problems were around some letters distributed in relation to contaminated waste however the service continued to work with crews to address the problems.

The Chair commented that the increase in some results in the report was similar to issues with the way some crime figures were recorded due to different reporting mechanisms.

Councillor Tinsley said that it would be useful to have comparators for other authorities to ascertain how we were performing. The Chair said that this would be difficult due to the different types of health issues and the rurality of the county. He thanked the officer for an excellent report and for addressing concerns previously raised by the Board.

Resolved:

That the content of the report be noted.

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**Corporate Overview and Scrutiny
Management Board**

13 September 2019



**Resources – Quarter 1 June 2019:
Forecast of Revenue and Capital
Outturn 2019/20**

Ordinary Decision

Report of John Hewitt, Corporate Director Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn budget position for the Resources service grouping, highlighting major variances in comparison with the budget based on the position to the end of June 2019.

Executive summary

- 2 The updated position shows that the service is forecasting a cash limit variance (underspend) of £0.465 million against a revised budget of £19.433 million.
- 3 The revised Resources capital budget is £10.112 million with a total expenditure to 30 June 2019 of £0.636 million (6%). The profiled budget for this period is £0.269 million, therefore spend is above profiled / expected spend in the year to date.

Recommendation

- 4 Corporate Overview and Scrutiny Management Board is recommended to note the forecast of outturn position.

Background

5 County Council approved the Revenue and Capital budgets for 2019/20 at its meeting on 20 February 2019. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:

- *Revenue Budget - £19.433 million (original £21.268 million)*
- *Capital Programme - £10.112 million (original £10.787 million)*

6 The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

	<u>£000s</u>
• Transfer to TAP – Business Support review	1,835

The revised General Fund Budget for Resources is £19.433 million.

7 The summary financial statements contained in the report cover the financial year 2019/20 and show:

- The approved annual budget;
- The actual income and expenditure as recorded in the council's financial management system;
- The variance between the annual budget and the forecast outturn;
- For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

8 The service is reporting a cash limit variance (underspend) of £0.465 million against a revised budget of £19.433 million.

9 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Type of Expenditure (Subjective Analysis) (£000's)

	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Employees	44,025	10,849	44,570	545	(184)	361
Premises	5,127	61	5,116	(11)	-	(11)
Transport	624	133	602	(22)	(1)	(23)
Supplies and Services	15,618	4,554	15,315	(303)	(317)	(620)
Third Party Payments	48	12	48	-	-	-
Central Support and Capital	7,529	10	7,554	25	-	25
Gross Expenditure	72,971	15,619	73,205	234	(502)	(268)
Income	(53,538)	(11,378)	(54,068)	(530)	333	(197)
Net Expenditure	19,433	4,241	19,137	(296)	(169)	(465)
HB Transfer payments	130,050	34,578	130,257	207	(207)	-
HB Central Support and Capital	400	-	400	-	-	-
HB Income	(130,450)	(963)	(130,450)	-	-	-
HB Net Expenditure	0	33,615	207	207	(207)	-
Total Net Expenditure	19,433	37,856	19,344	(89)	(376)	(465)

By Head of Service (£000's)

	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(20,740)	-	(20,740)	-	-	-
Corporate Finance & Commercial Services	3,630	1,196	3,537	(93)	(4)	(97)
Financial & Transactional Services	10,208	37	9,778	(430)	289	(141)
Digital & Customer Services	17,112	1,202	16,955	(157)	(140)	(297)
Internal Audit and Insurance	1,087	242	1,098	11	(4)	7
Legal & Democratic Services	7,204	1,369	7,243	39	11	50
Service Management / Central Charges	(659)	58	(600)	59	(59)	-
People & Talent Management	1,591	137	1,866	275	(262)	13
Net Expenditure Excluding HB	19,433	4,241	19,137	(296)	(169)	(465)
Housing Benefit	0	33,615	207	207	(207)	0
Net Expenditure	19,433	37,856	19,344	(89)	(376)	(465)

- 10 The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Central Establishment Recharges	Central Establishment Recharges	No material variance	0	0
Corporate Finance & Commercial Services	Management	No material variance	0	(97)
	Management Priority	£20,000 underbudget on employees	(20)	
	Financial Systems	£19,000 underbudget on employees £110,000 underbudget on supplies and services	(129)	
	Procurement	£7,000 overbudget on employees	7	
	Pensions	£39,000 overbudget on employees	39	
	Strategic Finance	£1,000 overbudget on employees	1	
	Occupational Health	£62,000 underbudget on employees £4,000 overbudget on supplies and services £50,000 underachieved income	(8)	
	Health and Safety	£20,000 overbudget on employees £2,000 underbudget on supplies and services £5,000 overachieved on income	13	
People & Talent Management	People & Talent Management	£29,000 overbudget on employees. £29,000 overbudget on supplies and services £45,000 overachieved on income	13	13
Finance & Transactional Services	Management	No material variance	0	(141)
	Operations & Data	£37,000 overbudget on employees	37	
	Financial Management	£56,000 underbudget on employees £55,000 underbudget on supplies and services	(111)	
	Revenues and Benefits	£44,000 overbudget on employees £11,000 underbudget on supplies and services £100,000 overachieved on income	(67)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Digital and Customer Services	Customer Services	£60,000 underbudget on employees £11,000 underbudget on transport £20,000 underbudget on supplies and services £1,000 overachieved on income	(92)	(297)
	ICT Services	£50,000 overbudget on employees £15,000 underbudget on transport £566,000 underbudget on supplies and services £26,000 overbudget on central expenses. £300,000 underachieved income	(205)	
Internal Audit and Risk	Insurance and Risk	£4,000 overbudget on employees	4	7
	Internal Audit	£11,000 overbudget on employees	11	
	Corporate Fraud	£8,000 overbudget on employees £2,000 overbudget on transport £18,000 overachieved on income	(8)	
Legal and Democratic Services	Corporate and Democratic Core	£42,000 underbudget on employees £6,000 underbudget on supplies and services	(48)	50
	Legal and Other Services	£370,000 overbudget on employees £11,000 underbudget on premises £1,000 overbudget on transport £117,000 overbudget on supplies and services £379,000 overachieved income	98	
Service Management	Service Management	No material variance	0	0
Benefits Payments and Subsidy	Benefits		0	0
TOTAL				(465)

11 In summary, the service grouping is on track to maintain spending within its cash limit.

Capital Programme

- 12 The original Resources capital programme was £10.787 million, and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £10.112 million.
- 13 Summary financial performance to the end of June 2019 is shown below:

	Original Annual Budget 2019/20	Revised Annual Budget 2019/20	Profiled Budget 2019/20	Actual Spend 30/06/2019	Remaining Budget
	£000	£000	£000	£000	£000
Digital & Customer Services	10,642	9,967	258	629	9,338
Corporate Finance & Commercial Services and Finance & Transactional Services	145	145	11	7	138
Total	10,787	10,112	269	636	9,476

- 14 The revised Resources capital budget is £10.112 million with a total expenditure to 30 June 2019 of £0.636 million (6%). The profiled budget for this period is £0.269 million, therefore spend is above profiled / expected spend in the year to date. A full breakdown of schemes and actual expenditure to 30 June 2019 is given in Appendix 2.
- 15 At year end the actual outturn performance will be compared against the revised budgets and at that time service and project managers will need to account for any budget variance.

Background papers

- County Council Report (20 February 2019) – Medium Term Financial Plan 2019/20 to 2022/23 and Revenue and capital Budget 2019/20.

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the council in February 2019 in relation to the 2019/20 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report.

Appendix 2: Resources Capital Programme 2019/20 – Detailed Monitoring Statement to 30 June 2019

Resources	Revised Annual Budget	Profiled Budget	Actual Spend	Remaining Budget
	2019/20	2019/20	30/06/19	2019/20
	£000	£000	£000	£000
Big Data	149	-	-	149
Broadband / Digital Durham	5,043	15	-	5,043
Code of Connection Compliance	25	-	-	25
Corporate Mail Fulfilment	180	-	-	180
Dark Fibre installations and Circuit/Microwave Upgrades	23	-	-	23
Homeworking	1,169	8	14	1,155
ICT Business Continuity	17	-	-	17
Mobile Device Management	172	-	-	172
Ongoing Server replacement	55	-	-	55
Replacement of Desktop ICT Equipment	1,340	190	102	1,238
Sharepoint Architecture	23	-	-	23
Tanfield Datacentre LAN Switching Replacement	30	-	-	30
Applications and Development	16	-	-	16
Archiving Of Obsolete Systems Based On Non Supported Hardware	2	-	-	2
Customer Relation Management System	799	0	7	792
Remote Access – Central Solution	9	-	-	9
LAN Switching Replacement – Ageing Hardware	540	-	486	54
Middleware Software – Enterprise Application Integration	250	-	-	250
Integrated Customer Service Programme	125	45	20	105
Digital & Customer Services Total	9,967	258	629	9,338
Migration of HR/Payroll functionality	118	11	4	114
Civica Pension Fund Administration System	27	-	3	24
Corporate Finance & Commercial Services and Financial & Transactional Services Total	145	11	7	138
RESOURCES Total	10,112	269	636	9,476

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**Corporate Overview and Scrutiny
Management Board**

13 September 2019

**Resources – Revenue and Capital
Outturn 2018/19**

Ordinary Decision



Report of John Hewitt, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the final outturn position for the Resources service grouping in 2018/19, highlighting major variances in comparison with the budget based on the outturn position at the end of March 2019.

Executive summary

- 2 In 2018/19 the service achieved a cash limit variance (underspend) of £1.536 million against a revised budget of £16.318 million. This compares to the previously forecast position (at quarter 3) of a £0.420 million underspend for the year.
- 3 The Resources Cash Limit balance carried forward at 31 March 2019 is £1.572 million. Other earmarked reserves aligned to Resources Management Team totalled £7.586 million at 31 March 2019.
- 4 Capital expenditure incurred in 2018/19 was £4.370 million, representing 87% of the revised Resources capital budget of £5.036 million. A request was made to the Member Officer Working Group to carry forward the £0.666 million underspend to the current year to augment the 2019/20 Capital Programme.

Recommendation

- 5 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2018/19 revenue and capital budgets and the year end position in terms of the Resources Cash Limit Reserve.

Background

6 County Council approved the Revenue and Capital budgets for 2018/19 at its meeting on 21 February 2018. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:

- *Revenue Budget - £16.318 million (original £15.635 million)*
- *Capital Programme - £5.036 million (original £6.989 million)*

7 The original Resources General Fund budget was revised in year to incorporate a number of budget adjustments actioned in quarters one to three as follows:

	<u>£000s</u>
• Transfer from Interest Payable & Similar Charges– Funding for Commercialisation & Workforce Development	109
• Transfer from CYPS–Funding for an additional post in the CYPS Finance Team	31
• Transfer from RES-CAC–Budget Realignment	6
• Transfer to Corporate Contingencies–MFD Saving	-4
• Transfer to Corporate Contingencies–Microsoft Licences	-224
• Contribution from MTFP ER/VR Reserve	59
• Contribution from Resources Cash Limit Reserve–Digital Durham	9
• Contribution from Microsoft Office 365 Reserve	203
• Contribution from ICT Reserve	164
• Contribution from CRM Reserve	12
• Contribution from Benefit Take-up Reserve	167
• Contribution from Welfare Assistance Funding Reserve	30
• Transfer from REAL-Leisure Works	59
• Contribution to Welfare Reforms New Burdens Grant Reserve	-212
• Contribution from Human Resources Reserve	138
• Transfer from Corporate Contingencies-HPO Review	31
• Contribution from Resources Cash Limit Reserve-Robotic Process Automation Project	89
• Contribution from Equal Pay Reserve	16
TOTAL	<u>683</u>

- 8 The summary financial statements contained in this report cover the financial year 2018/19 and show:
- The approved annual budget;
 - The actual income and expenditure as recorded in the council's financial management system;
 - The variance between the annual budget and the actual outturn;
 - For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of or contributions to earmarked reserves.
- 9 The service is reporting a cash limit variance (underspend) of £1.536 million against a revised budget of £16.318 million.
- 10 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Type of Expenditure (Subjective Analysis) (£000s)

	2018/19 Budget	Actual	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Outturn 2018-19 Variance	Memo: Cash Limit Variance QTR 3
Employees	45,419	44,587	(832)	(10)	(842)	(747)
Premises	4,954	368	(4,586)	4,566	(20)	(6)
Transport	624	548	(76)	0	(76)	(34)
Supplies and Services	15,746	15,903	157	355	512	244
Third Party Payments	40	46	6	(7)	(1)	1
Central Support and Capital	5,985	7,868	1,883	(1,189)	694	655
Gross Expenditure	72,768	69,320	(3,448)	3,715	267	113
Income	(56,450)	(52,978)	3,472	(5,275)	(1,803)	(533)
Net Expenditure	16,318	16,342	24	(1,560)	(1,536)	(420)
HB Transfer payments	174,733	151,970	(22,763)	(52)	(22,815)	(8,156)
HB Central Support and Capital	400	256	(144)	641	497	0
HB Income	(175,133)	(152,815)	22,318	0	22,318	8,156
HB Net Expenditure	0	(589)	(589)	589	0	0
Total Net Expenditure	16,318	15,753	(565)	(971)	(1,536)	(420)

By Head of Service (£000's)

	2018/19 Budget	Actual	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Outturn 2018-19 Variance	Memo: Cash Limit Variance QTR 3
Central Establishment Recharges	(24,215)	(21,976)	2,239	(2,239)	0	0
Corporate Finance & Commercial Services	3,532	2,838	(694)	339	(355)	(82)
Financial & Transactional Services	10,221	9,452	(769)	130	(639)	(233)
Digital & Customer Services	17,330	17,064	(266)	175	(91)	31
Internal Audit and Insurance	1,068	1,036	(32)	(4)	(36)	(41)
Legal & Democratic Services	7,445	6,958	(487)	75	(412)	(122)
Service Management / Central Charges	(652)	(712)	(60)	64	4	11
People & Talent Management	1,589	1,682	93	(100)	(7)	16
Net Expenditure Excl. HB	16,318	16,342	24	(1,560)	(1,536)	(420)
Housing Benefit	0	(589)	(589)	589	0	0
Net Expenditure	16,318	15,753	(565)	(971)	(1,536)	(420)

- 11 The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Central Establishment Recharges	Central Establishment Recharges	No material variance	0	0
Corporate Finance & Commercial Services	Management	£3,000 underbudget on employees £1,000 underbudget on transport £8,000 underbudget on supplies and services £2,000 overachieved income	(14)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
	Management Priority	No material variance	0	
	Financial Systems	£74,000 underbudget on employees £18,000 underbudget on supplies and services	(92)	
	Procurement	£15,000 underbudget on employees £45,000 overachieved in income	(60)	
	Pensions	£47,000 overbudget on employees. £43,000 overbudget on supplies and services £85,000 overachieved on income	5	
	Strategic Finance	£10,000 underbudget on employees £9,000 overbudget on supplies and services £144,000 overachieved on income	(145)	
	Occupational Health	£15,000 overbudget on employees £2,000 overbudget on transport £18,000 underbudget on supplies and services £12,000 overachieved income	(13)	
	Health and Safety	£9,000 overbudget on employees £7,000 underbudget on Transport £2,000 underbudget on supplies and services £36,000 overachieved on income	(36)	(355)
People & Talent Management	People & Talent Management	£13,000 overbudget on employees. £7,000 underbudget on transport. £12,000 overbudget on supplies and services £25,000 overachieved on income	(7)	(7)
Finance & Transactional Services	Management / Banked MTFP Savings	£27,000 underbudget on employees	(27)	
	HR Operations & Data	£37,000 overbudget on employees £24,000 overbudget on transport £22,000 underbudget on supplies and services	67	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£50,000 overbudget on Direct Revenue Funding of capital £22,000 overachieved income		
	Financial Management	£9,000 overbudget on employees, £48,000 overbudget on supplies and services £123,000 overachieved on income	(66)	
	Revenues and Benefits	£428,000 underbudget on employees £23,000 underbudget on transport £269,000 overbudget on supplies and services (outsourced packages of work) £30,000 over on central costs £461,000 overachieved on income	(613)	(639)
Digital and Customer Services	Customer Services	£155,000 underbudget on employees £1,000 underbudget on premises £1,000 underbudget on transport £195,000 underbudget on supplies and services £10,000 overbudget on central expenses £168,000 underachieved on income	(174)	
	ICT Services	£299,000 underbudget on employees £23,000 underbudget on transport £342,000 overbudget on supplies and services £586,000 overbudget on central expenses, of which £560,000 relates Direct Revenue Funding of capital £523,000 overachieved income	83	(91)
Internal Audit and Risk	Insurance and Risk	£4,000 overbudget on employees £1,000 overbudget on supplies and services	5	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
	Internal Audit	£7,000 overbudget on employees £5,000 overachieved income	2	
	Corporate Fraud	£6,000 overbudget on employees £28,000 overbudget on supplies & services £77,000 overachieved on income	(43)	(36)
Legal and Democratic Services	Corporate and Democratic Core	£56,000 underbudget on employees £27,000 underbudget on transport £186,000 underbudget on supplies and services £21,000 overachieved income	(290)	
	Legal and Other Services	£72,000 overbudget on employees £20,000 underbudget on premises £13,000 underbudget on transport £213,000 overbudget on supplies and services £2,000 over on central expenses £376,000 overachieved income	(122)	(412)
Service Management	Service Management	£5,000 underbudget on employees £9,000 over on central expenses	4	4
Finance & Transactional Services	Housing Benefit Payments and Subsidy	HB Payments were £22.763 million lower than budgeted due to the impact of Universal Credit Full Service natural migration, with a corresponding £22.318 million reduction in HB subsidy entitlement in year. This budget is outside the cash limit and a year-end transfer to the HB subsidy reserve has been actioned to bring the outturn back in line with the budgeted position.	0	0
TOTAL				1,536

- 12 The final outturn position was £1.116 million more underbudget than the forecast prepared at quarter 3 and reported to Cabinet in March. This means that there is an increase in the Cash Limit Reserve carried forward at the year end.

- 13 In addition to the budgets controlled by Heads of Service there is a budget of £4.051 million for Centrally Administered Costs (CAC) covering corporate items such as the Town and Parish Local Council Tax Support Scheme Grant contributions, corporate subscriptions, bank charges etc.
- 14 There was an underspend of £0.301 million on this budget in 2018/19. The outturn position reflected increased expenditure in respect of expenses associated with raising loans to achieve the MTFP savings from agreeing up front interest rates prior to borrowing, which had been more than offset by increased income from de-minimis capital receipts. MTFP savings totalling £0.150 million were applied to these budgets in 2018/19.

Capital Programme

- 15 The original Resources capital programme was £6.989 million. This was revised in year for additions/reductions, budget transfers and to reflect budget profiling. The final capital budget was £5.036 million.
- 16 Summary financial performance to the end of March 2019 is shown below:

	Final Budget 2018/19	Actual Spend 2018/19	Under / Over Spend in Year	Actual Spend as a % of Budget
	£000	£000	£000	
Digital & Customer Services	4,860	4,288	(572)	88
Corporate Finance & Commercial Services and Finance & Transactional Services	176	82	(94)	47
Total	5,036	4,370	(666)	87

- 17 Total expenditure to 31 March 2019 was £4.370 million (87% of the annual budget). A full breakdown of schemes and actual expenditure to 31 March 2019 is given in Appendix 2.

Background papers

- Cabinet Report (13 March 2019) – Forecast of Revenue and Capital Outturn 2018/19 – Period to 31 December 2018

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the actual spend against budgets agreed by the council in February 2018 in relation to the 2018/19 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial position included in the report.

Appendix 2: Resources Capital Programme 2018/19 – Detailed Monitoring Statement to 31 March 2019

Resources	Revised Annual Budget	Outturn Spend	In Year Variance – Over / (Under)	Actual Spend
	£000	£000	£000	%
Broadband / Digital Durham	2,031	1,576	(455)	78
Big Data	0	7	7	0
Code of Connection Compliance	6	0	(6)	0
Dark Fibre installations and Circuit/Microwave Upgrades	29	6	(23)	21
Homeworking	87	60	(27)	69
ICT Business Continuity	490	473	(17)	97
Mobile Device Management	190	166	(24)	87
Ongoing Server replacement	269	264	(5)	98
Replacement of Desktop ICT Equipment	1,185	1,110	(75)	94
Tanfield Datacentre LAN Switching Replacement	35	36	1	103
Conversion of Capita One software to Tribal	0	20	20	0
Archiving Of Obsolete Systems Based On Non Supported Hardware	326	325	(1)	100
Customer Relation Management System	57	99	42	174
Remote Access – Central Solution	155	146	(9)	94
Digital & Customer Services Total	4,860	4,288	(572)	88
Migration of HR/Payroll functionality	105	37	(68)	35
Civica Pension Fund Administration System	71	45	(26)	63
Corporate Finance & Commercial Services and Financial & Transactional Services Total	176	82	(94)	47
RESOURCES TOTAL	5,036	4,370	(666)	87

**Corporate Overview and Scrutiny
Management Board**

13 September 2019



**Transformation and Partnerships –
Quarter 1 June 2019: Forecast of
Revenue and Capital Outturn 2019/20**

Ordinary Decision

Report of Corporate Directors

John Hewitt, Corporate Director of Resources

**Lorraine O'Donnell, Corporate Director of Transformation and
Partnerships**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn budget position for the Transformation and Partnerships (TAP) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2019.

Executive summary

- 2 The service is reporting a cash limit overspend of £37,000 against a revised budget of £25.610 million.
- 3 The revised TAP capital budget is £2.744 million with a total expenditure to 30 June 2019 of £0.442 million.

Recommendation

- 4 Corporate Overview and Scrutiny Management Board is recommended to note the content of this report.

Background

5 County Council approved the Revenue and Capital budgets for 2019/20 at its meeting on 20 February 2019. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the TAP service grouping:

- *TAP Revenue Budget - £25.610 million (original £10.784 million)*
- *TAP Capital Programme – £2.744 million (original £3.050 million)*

6 The original TAP budget has been revised to incorporate the following budget adjustments since the original budget was approved in February:

	<u>£000's</u>
Transfer into TAP from other services – Business Support Review:	
From Resources	1,835
From Adult & Health Services	1,920
From Children & Young Persons Services	5,608
From REAL	5,463
 TOTAL	 <u>14,826</u>

The revised TAP revenue budget is £25.610 million.

7 The summary financial statements contained in the report cover the financial year 2019/20 and show:

- The approved annual budget;
- The actual income and expenditure as recorded in the council's financial management system;
- The variance between the annual budget and the forecast outturn;
- For the TAP revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2019/20

- 8 The service is reporting a cash limit overspend of **£37,000** against a revised budget of **£25.610 million**.
- 9 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis (£000s)

Subjective Analysis	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Employees	27,127	6,474	26,366	(761)	862	101
Premises	370	42	373	3	-	3
Transport	158	31	145	(13)	14	1
Supplies and Services	2,835	587	2,666	(169)	113	(56)
Agency and Contracted	141	-	141	-	-	-
Transfer Payments	1,581	479	1,780	199	(152)	47
Central Costs	2,460	89	2,491	31	(31)	-
GROSS EXPENDITURE	34,672	7,702	33,962	(710)	806	96
INCOME	(9,062)	(1,743)	(9,207)	(145)	86	(59)
NET EXPENDITURE	25,610	5,959	24,755	(855)	892	37

Analysis by Head of Service (£000s)

Head of Service	2019/20 Budget	YTD Actual	Forecast of outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,684	796	6,731	47	(27)	20
Strategy	2,189	492	2,193	4	(43)	(39)
Communications and Marketing	1,966	559	2,061	95	(173)	(78)
Transformation	1,973	262	1,822	(151)	156	5
Business Support	15,483	3,821	14,463	(1,020)	1,020	-
Central	(2,685)	29	(2,515)	170	(41)	129
NET EXPENDITURE	25,610	5,959	24,755	(855)	892	37

- 10 The table below provides a brief commentary on the variances against the revised budget, analysed by individual Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Description	Forecast Year End (Under) / Overspend £000s
Partnership and Community Engagement (PACE)	£11k managed overspend on employees £2k overspend on premises £1k overspend on transport £6k managed overspend on supplies & services	20
Strategy	£34k managed underspend on employees £5k managed underspend on supplies & services	(39)
Communications and Marketing	£71k managed underspend on employees £1k managed underspend on transport £64k managed underspend on supplies & services £58k unachieved income	(78)
Transformation	£2k managed underspend on supplies & services £7k managed overspend on employees	5
Central	£89k overspend on employees £5k managed overspend on supplies & services £35k unachieved income	129
TOTAL		37

- 11 In summary, the service grouping is not forecast to maintain its spending in line with its cash limit this year. The forecast overspend of £37,000 is a managed position, reflecting the proactive management of activity by Heads of Service across TAP to try and remain within the cash limit. A full review of the budgets in TAP is scheduled to take place in the Autumn of 2019 to identify and deliver savings to address the ongoing budget pressures as well as TAP's share of the MTFP savings. It is fully expected that with more considered monitoring of budgets, and in particular the management of vacancies, that the small projected cash limit overspend will be addressed before the end of the financial year.

Members Neighbourhoods Revenue Budget

- 12 Each elected member receives an annual allocation of £19,400; £5,400 (including £2,000 from the former Members' Initiatives Fund) revenue and £14,000 capital.
- 13 The revenue budget allocation for the current year is £0.680 million. Previous years unspent allocations totalling £0.552 million are held in an earmarked reserve. At 30 June 2019, £0.386 million of the total budget allocation of £1.232 million has been either spent or committed and it is expected that the remaining budget will be allocated during the remainder of the year.

AAP Area Budgets

- 14 Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.
- 15 The revenue budget allocation for the current year is £1.064 million to develop projects to meet the agreed AAP priorities.
- 16 Previous years unspent allocations totalling £0.733 million are held in an earmarked reserve. At 30 June a total of £0.653 million has either been committed or spent and it is expected that the remaining £1.144 million will be committed later in the year.

Capital Programme

- 17 The TAP capital programme comprises eleven schemes: Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital, Community Facilities in Crook, Community Facilities in Consett, Stanley Regeneration Works, Dipton Project Fund, Nevilles Cross Community Centre New Build, Witton Park Memorial Garden, Durham History Centre, and AAP Initiatives.

18 The TAP capital programme has been revised to take into account the 2018/19 outturn position, where unspent budget was transferred from 2018/19. The budget agreed at MOWG in June 2019 now stands at **£2.744m.**

19 Summary financial performance to the end of June is shown below:

Service	Original Annual Budget 2019/20 £000	Revised Annual Budget 2019/20 £000	Actual Spend to 30 June £000	Remaining Budget £000
Assets in the Community	1,055	854	94	760
Area Action Partnership	313	286	117	169
Members Neighbourhoods	876	828	192	636
Community Facilities Crook	7	7	0	7
Community Facilities Consett	175	175	28	147
Stanley Regeneration Works	-	2	-	2
Dipton Project Fund	-	1	-	1
Nevilles Cross Community Centre New Build	-	83	-	83
Witton Park Memorial Garden	-	21	7	14
Durham History Centre	525	485	4	481
AAP Initiatives	99	2	-	2
Total	3,050	2,744	442	2,302

20 Officers continue to carefully monitor capital expenditure on a monthly basis. £0.442 million of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year.

21 At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Background papers

- County Council Report (20 February 2019) – Medium Term Financial Plan 2019/20 to 2022/23 and Revenue and capital Budget 2019/20.

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the council in February 2019 in relation to the 2019/20 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the council's Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report.

**Corporate Overview and Scrutiny
Management Board**

13 September 2019

**Transformation and Partnerships –
Revenue and Capital Outturn 2018/19**

Ordinary Decision



Report of Corporate Directors

John Hewitt, Corporate Director of Resources

Lorraine O'Donnell, Corporate Director of Transformation and Partnerships

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the final outturn position for the Transformation and Partnerships (TAP) service grouping, highlighting major variances in comparison with the budget based on the outturn position at the end of March 2019.

Executive summary

- 2 In 2018/19 the service achieved a cash limit variance (underspend) of £84,000 against a revised budget of £12.767 million. This compares to the previously forecast position (at quarter 3) of a £98,000 underspend for the year.
- 3 The TAP Cash Limit balance carried forward at 31 March 2019 is £0.272 million. Other earmarked reserves aligned to TAP Management Team totalled £6.663 million at 31 March 2019.
- 4 Capital expenditure incurred in 2018/19 was £1.320 million, representing 33% of the revised TAP capital budget of £3.963 million. A request was made to the Member Officer Working Group to carry forward the £2.643 million underspend to the current year to augment the 2019/20 Capital Programme.

Recommendation

- 5 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2018/19 revenue and capital budgets and the year end position in terms of the TAP Cash Limit Reserve.

Background

6 County Council approved the Revenue and Capital budgets for 2018/19 at its meeting on 21 February 2018. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the TAP service grouping:

- *TAP Revenue Budget - £12.767 million (original £11.944 million)*
- *TAP Capital Programme – £3.963 million (original £5.084 million)*

7 The original TAP budget was revised in year to incorporate a number of budget adjustments actioned in quarters one to three as follows:

	£000s
Transfer into TAP from CYPS – Youth Work Support	139
Contribution from Cash Limit Reserve (TAP restructure)	198
Contribution to Youth Work Support Grant Reserve	(17)
Contribution from MTFP ER/VR Reserve	139
Contribution from Syrian Resettlement Programme Reserve	36
Contribution from Transformation Challenge Grant Reserve	44
Contribution to Local Safeguarding Adults Board Reserve	(66)
Contribution to Local Safeguarding Childrens Board Reserve	(42)
Contribution from Community Led Local Development Reserve	115
Contribution from Community Reserve	223
Contribution to Inspire Reserve	(34)
Transfer to REAL from TAP – DCC Cricket Box	(3)
Contribution to Transformation Programme Reserve	(230)
Contribution from Cash Limit Reserve (Durham County News)	29
Transfer from Corporate Contingencies – HPO Review	9
Contribution from Residents Research Reserve	19
Contribution from Promoting Durham Reserve	169
Contribution from My Future is Durham Reserve	53
Contribution from Modern Ways of Working Reserve	1
Contribution from AAP Reserve	6
Contribution from Social Isolation Reserve	35
TOTAL	823

The revised TAP revenue budget was £12.767 million.

8 The summary financial statements contained in the report cover the financial year 2018/19 and show:

- The approved annual budget;
- The actual income and expenditure as recorded in the council's financial management system;
- The variance between the annual budget and the forecast outturn;
- For the TAP revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue Outturn 2018/19

9 The service is reporting a cash limit underspend of **£84,000** against a revised budget of **£12.767 million**.

10 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense) and the second by Head of Service.

Subjective Analysis (£000s)

Subjective Analysis	2018/19 Budget	Actual Outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Final Cash Limit Outturn Variance
Employees	10,553	10,789	236	(208)	28
Premises	247	298	51	(60)	(9)
Transport	61	44	(17)	6	(11)
Supplies and Services	2,244	1,787	(457)	468	11
Agency and Contracted	141	202	61	(60)	1
Transfer Payments	1,956	2,174	218	(110)	108
Central Costs	2,345	3,751	1,406	(1,399)	7
GROSS EXPENDITURE	17,547	19,045	1,498	(1,363)	135
INCOME	(4,780)	(6,457)	(1,677)	1,458	(219)
NET EXPENDITURE	12,767	12,588	(179)	95	(84)

Analysis by Head of Service (£000s)

Head of Service	2018/19 Budget	Actual Outturn	Variance (under) / over spend	Total Items Outside Cash Limit	Final Cash Limit Outturn Variance
Partnership & Community Engagement	7,136	7,877	741	(780)	(39)
Strategy	1,204	242	(962)	890	(72)
Communications Management	2,425	2,515	90	(129)	(39)
Transformation	2,002	1,954	(48)	114	66
NET EXPENDITURE	12,767	12,588	(179)	95	(84)

- 11 The table below provides a brief commentary on the variances against the revised budget, analysed by individual Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Description	Year End (Under) / Overspend £000s
Partnership and Community Engagement (PACE)	£58k managed overspend on employees £1k overspend on transport £8k underspend on premises £24k underspend on supplies & services £106k managed overspend on donations £172k additional income.	(39)
Strategy	£51k managed underspend on employees £4k underspend on transport £5k managed underspend on supplies & services £12k additional income	(72)

Head of Service	Description	Year End (Under) / Overspend £000s
Communications Management	£89k managed underspend on employees £3k managed underspend on transport £16k managed overspend on supplies & services £37k unachieved income	(39)
Transformation	£52k managed overspend on employees £12k managed overspend on supplies & services £2k underachieved income	66
TOTAL		(84)

- 12 In summary, the service grouping has maintained its spending in line with its cash limit this year. The year-end underspend of £84,000 takes into account the restructure of the former Assistant Chief Executive's Service Grouping, which was delayed following the unitisation of services into TAP. As a result, the full effect of the savings were not achieved in the 2018/19 financial year. An amount of £0.198 million has been drawn from the TAP Cash Limit Reserve to cover the shortfall.

Members Neighbourhoods Revenue Budget

- 13 Each elected member receives an annual allocation of £19,400; £5,400 (including £2,000 from the former Members' Initiatives Fund) revenue and £14,000 capital.
- 14 The revenue budget allocation for 2018/19 was £0.680 million. Previous years unspent allocations totalling £0.746 million are held in an earmarked reserve. At 31 March 2019, £0.982 million of the total budget allocation of £1.426 million has been either spent or committed. The remaining budget is held in an earmarked reserve.
- 15 There is a remaining balance of £4,245 held in an earmarked reserve in respect of the former Members' Initiative Fund.

AAP Area Budgets

- 16 Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.
- 17 The revenue budget allocation for 2018/19 was £1.064 million.
- 18 Previous years unspent allocations totalling £0.762 million are held in an earmarked reserve. At 31 March, a total of £1.569 million has either been committed or spent. The remaining budget is held in an earmarked reserve.

Capital Programme

- 19 The TAP capital programme comprised of six main schemes: Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital, Community Facilities in Crook, Community Facilities in Consett and Durham History Centre.

- 20 The TAP capital programme was revised to take into account the 2017/18 outturn position, where unspent budget was transferred from 2017/18. The budget agreed at MOWG in December 2018 stood at **£3.963m.**
- 21 Summary financial performance to the end of March 2019 is shown below:

Service	Final Budget 2018/19	Actual Spend 2018/19	(Under) / Over Spend in Year	Actual Spend as a % of Budget
	£000	£000	£000	
Assets in the Community	221	88	(133)	40
Area Action Partnership	556	305	(251)	55
Members Neighbourhoods	3,041	841	(2,200)	28
Community Facilities Crook	-	-	-	-
Community Facilities Consett	20	20	-	100
Durham History Centre	42	17	(25)	40
AAP Initiatives	83	49	(34)	59
Total	3,963	1,320	(2,643)	33

- 22 £1.320 million of actual expenditure has been incurred during 2018/19. This is 33% of the revised capital budget. The remaining capital budget has been reprofiled to 2019/20.

Background papers

- Cabinet Report (13 March 2019) – Forecast of Revenue and Capital Outturn 2018/19 – Period to 31 December 2018.

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the actual spend against budgets agreed by the Council in February 2018 in relation to the 2018/19 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial position included in the report.

**Corporate Overview and Scrutiny
Management Board**

13 September 2019



**Update on the delivery of the Medium Term
Financial Plan 8**
Ordinary Decision

Report of Corporate Management Team

Lorraine O'Donnell, Director of Transformation and Partnerships

**Councillor Simon Henig, Leader of the Council and all Cabinet
collectively**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides an update on the final position of the delivery of the 2018/19 Medium Term Financial Plan (MTFP8).

Executive summary

- 2 This report gives detail of the cumulative MTFP savings since 2011 and confirmation that the savings have been achieved for the MTFP8 period of 2018/19.

Recommendation

- 3 Corporate Overview and Scrutiny Management Board (COSMB) is recommended to note the contents of this report and the final position of the savings for MTFP8.

Background

- 4 Cabinet has received regular updates on the progress made by the Council in delivering the financial targets within the MTFP since 2011/12.
- 5 MTFP8 savings were agreed by Council in February 2018 and set a savings target of just under £15 million. This brings the overall savings target for the period from 2011/12 to 2020/21 to circa £251 million. MTFP9 savings of just over £10 million were agreed by Cabinet in February 2019. At the time of writing this report, there is already significant progress towards these anticipated savings.

Progress to date

- 6 The delivery of the MTFP is being managed with a very robust programme management approach being adopted to ensure we take into account:
 - (a) our duties under the Equality Act;
 - (b) appropriate consultation;
 - (c) the HR implications of the change including consultation with employees and trade unions;
 - (d) communication of the change and the consultation results;
 - (e) sound risk management.
- 7 Through this robust approach we managed the programme to ensure the savings for 2018/19 were successfully delivered.
- 8 By the end of the financial year, 2018/19, all the expected savings had been delivered. We have now made over £224 million of annual savings including Public Health.
- 9 Members have been advised of the careful planning and monitoring of the savings that is carried out, on occasions plans need to change which could delay when savings are made, but through the ongoing management of the process we are able to smooth out delivery of savings using cash limits, ensuring we haven't missed our overall savings targets. It is now confirmed that the anticipated savings for 2018/19 have now been achieved.
- 10 During the year, planned use of cash limits to the value of £376,000 have been used to ensure that services remained in budget. Assurances are in place that for future years, robust plans have been

made for the recurrent savings which limits the use of cash limits to the 2018/19 financial year.

Consultation

- 11 There has not been any public consultation on MTFP (8) proposals in the last quarter.

HR Implications

- 12 During 2018/19 67 employees left via ERVR or VR, we have deleted 0 vacant posts and made 7 posts compulsory redundant.
- 13 Since 2011, a total of 1581 ERVR applications have been accepted, 704 vacant posts deleted and 593 compulsory redundancies made.
- 14 Equality data relating to staff leaving through voluntary redundancy, early retirement and ER/VR during the four quarters of MTFP8 to date showed that 81% were female and 19% were male. In terms of race, 25.3% of leavers had not disclosed their ethnicity and the remaining 74.7% stated that they were white British or white English. Regarding disability status 3.8% said they had a disability, 31.7% had no disability and 64.5% did not disclose their disability status.
- 15 The numbers of those leaving through compulsory redundancy are too low to effectively analyse.
- 16 Since austerity began in 2011, equality data relating to staff leaving through voluntary redundancy, showed that 62% were female and 37% were male. In terms of race, 32% of leavers had not disclosed their ethnicity, with 67% stating that they were white British or white English. Regarding disability status 4% said they had a disability, 16% had no disability and 80% did not disclose their disability status.
- 17 The higher proportion of female leavers is likely due to the exercises which took place in previous years which focused on traditionally female occupied professions, (these included the closure of care homes, reduction in service in the Pathways and Youth service and a restructure and change of working pattern for Care Connect).

Equality Impact Assessments

- 18 Equality impact assessments (EIA) form a key part of the ongoing MTFP process. A number of initial screenings for new savings and updated EIAs for ongoing savings were provided to Cabinet ahead of the budget setting decision in February 2018 and will continue for those identified for MTFP9. EIA's are updated regularly throughout the year to take account of consultation responses and additional evidence and

progress against the savings; the updates also include information on any mitigating actions.

- 19 The impact assessments and action plans are considered during decision making processes, for example, updated EIAs are provided where Cabinet receives a report ahead of consultation and where a further report is received with any final recommendations.

Developing a New Approach

- 20 MTFP savings are monitored and managed through a recognised and robust approach utilising service based savings targets and associated project plans for their delivery.
- 21 Through the Transformation Programme, a number of savings for future years will become more Council Wide and non-service specific due to cross cutting nature of both efficiency and income generation. In order to accommodate the changing nature of the savings, the way in which savings will be monitored and managed will be refreshed for 2019/20 to include an additional element relating to Council Wide initiatives and progress towards their achievement. The process will remain transparent and robust with regular updates to cabinet on progress.

Conclusion

- 22 We are continuing to plan on the basis that the government's austerity plan will continue for several more years. The Council remains in a strong position to meet the ongoing financial challenges through an updated and refreshed robust programme management process.
- 23 For MTFP8 the council has delivered its anticipated savings of £14.8 million and in total we have delivered over £224 million in savings since 2011.
- 24 Future MTFP monitoring will include an additional element to monitor progress against Council Wide Transformation based efficiency savings and income targets.

Recommendation

- 25 COSMB is recommended to:
- (a) note the contents of this report and that the full anticipated amount of savings has been delivered during the MTFP8 period.

Contact: Andy Palmer

Tel: 03000 268551

Appendix 1: Implications

Legal Implications

The legal implications of any decisions required are being considered as part of the delivery of the proposals.

Finance

The delivery of the MTFP involves cumulative saving of approximately £251million over the period from 2011 to 2021 of which over £224 million has been delivered to date.

Consultation

A full consultation with a range of stakeholders was undertaken on the MTFP prior to its agreement and again in 2013 and 2018. In addition, where appropriate for individual proposals, internal and external consultation plans are developed so that consultation informs the decision making process.

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment (EIA) was undertaken for the original 4 year MTFP plan and additional screening is undertaken for proposals which are identified for subsequent MTFPs, together with any other changes made to the original plan. In addition, for each proposal an EIA is undertaken as part of the decision-making before the proposal is implemented.

Human Rights

N/A.

Crime and Disorder

N/A.

Staffing

Where the proposals affect staff, full consultation is undertaken and the trade unions consulted. Wherever possible, staff reductions are done through voluntary means. In addition, there has been a proactive management of vacancies to lessen the impact on staff and the Council has a redeployment process which continues to find alternative employment for a number of staff.

Accommodation

As proposals are planned the impact on accommodation is ascertained, with staff being consulted on any moves as part of the process. The loss of over 2,800 posts from the Authority will mean a requirement for less

accommodation and the Office Accommodation Team has built this into the Office Accommodation Strategy.

Risk

The delivery of the MTFP is highlighted as one of the Council's strategic risks and is monitored through the corporate risk management process. In addition, risks for individual proposals are being monitored through the work undertaken to deliver the proposal.

Procurement

A number of the proposals involve the changing of existing contracts and this work is being taken forward through the Council's agreed procurement processes.

**Corporate Overview and Scrutiny
Management Board**

13 September 2019



**Medium Term Financial Plan (10)
2020/21 to 2023/24 and Review of the
Local Council Tax Reduction Scheme
for 2020/21**

Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Lorraine O'Donnell, Director of Transformation and Partnerships

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Members of the Corporate Overview and Scrutiny Management Board (COSMB) with an update on the proposed approach to scrutiny of the Medium-Term Financial Plan (MTFP) 2020/21 to 2023/24 and review of the Local Council Tax Reduction Scheme for 2020/21.
- 2 COSMB have prioritised scrutiny of the MTFP and budget as part of their work programme.

Executive summary

- 3 In July 2019, a report to Cabinet set out an update of the development of the Medium-Term Financial Plan (10) 2020/21 to 2023/24 and a review of the Local Council Tax Reduction Scheme for 2020/21.
- 4 The report highlighted the period of significant financial uncertainty that local government is operating in and the current financial challenges faced by the Council.

Recommendation(s)

- 5 Members are asked to:

- (a) Consider and comment upon the July Cabinet report on the Medium-Term Financial Plan (MTFP) 2020/21 to 2023/24 and review of the Local Council Tax Reduction Scheme for 2020/21.
- (b) Note the timetable for scrutiny discussions.

Background

- 6 The Cabinet report includes information on
- (a) an update on the development of the 2020/21 budget since the Council agreed its MTFP(9) strategy on 20 February 2019;
 - (b) an update on the MTFP(10) savings forecast for the period 2020/21 to 2023/24;
 - (c) a draft MTFP(10) decision making timetable;
 - (d) proposed approach for consultation of MTFP(10);
 - (e) workforce implications;
 - (f) equality considerations;
 - (g) consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2020/21.
- 7 COSMB has prioritised scrutiny of the MTFP and budget as part of the work programme. It is proposed that scrutiny of the MTFP and budget will be according to the MTFP process as below. The Board will be notified of any variations to the overall MTFP timetable which might occur.

Date	Action
10 July	MTFP report to Cabinet
13 September	Corporate Overview and Scrutiny Management Board consider 10 July Cabinet Report
11 December	MTFP report to Cabinet – outcome of Comprehensive Spending Review and Autumn Statement
16 December	Corporate Overview and Scrutiny Management Board consider 11 December Cabinet Report
15 January	MTFP report to Cabinet – analysis of provisional local government settlement

Date	Action
27 January	Corporate Overview and Scrutiny Management Board consider 15 January Cabinet Report
12 February	Budget Report to Cabinet
14 February	Corporate Overview and Scrutiny Management Board consider 12 February Cabinet Report
26 February	Council Budget and MTFP report

Background papers

- None

Contact: Jenny Haworth

Tel: 03000 268071

Appendix 1: Implications

Legal Implications

None specific with the report.

Finance

The report sets out the arrangements to scrutinise MTFP (10) proposals.

Consultation

The report includes information on the consultation process.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the approach to developing MTFP (10) as a key element of the process.

Human Rights

Any Human Rights issues will be considered for any detailed MTFP (10) proposals as they are developed and decisions made to take these forward.

Crime and Disorder

None specific with the report.

Staffing

The savings proposals in MTFP (10) will impact upon employees.

Accommodation

None specific within this report.

Risk

None specific within this report.

Procurement

None specific within this report.

**Appendix 2: Medium Term Financial Plan (10), 2020/21 - 2023/24
and Review of the Local Council Tax Reduction Scheme for
2020/21**

Attached as a separate document.

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Cabinet

10 July 2019



**Medium Term Financial Plan(10),
2020/21 - 2023/24 and Review of the
Local Council Tax Reduction Scheme for 2020/21**

Key Decision No. CORP/R/19/01

Report of Corporate Management Team

John Hewitt, Corporate Director of Resources

Lorraine O'Donnell, Director of Transformation and Partnerships

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Councillor Simon Henig, Leader of the Council

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide an update on the development of the 2020/21 budget and the Medium Term Financial Plan (MTFP(10)) . The report also considers a review of the Local Council Tax Reduction Scheme for 2020/21.

Executive summary

- 2 Local government is operating in a period of significant financial uncertainty brought about by a combination of on-going austerity, significant budget pressures in social care and special educational needs and disability services and other unfunded pressures arising from demographic and pay and price inflation. The financial outlook for the Council will continue to be extremely challenging for the foreseeable future.
- 3 There continues to be significant uncertainty in terms of financial settlements for local government in the future and how available funding will be shared between local authorities. The government was expected to publish a Comprehensive Spending Review (CSR) in summer 2019 covering a three year period. It is now expected however that the CSR

will be delayed until 2020 with another one year settlement for local government in 2020/21. The delay in the CSR is driven by lack of clarity on the outcome of Brexit and the views of the new prime minister.

- 4 It was also expected that the outcome of the Fair Funding Review (FFR) including the move to 75% Business Rate Retention would be published during 2019. In line with the delay in the CSR it is now expected that the outcome of the FFR will not be published until 2020.
- 5 The lack of clarity in relation to the CSR and FFR, are exacerbated by uncertainties in relation to future council tax referendum levels, the Improved Better Care Fund, delays in the publication of the Social Care Green Paper, short term funding provided to local authorities in 2019/20 for adult and children social care pressures and funding for the High Needs Dedicated Schools Grant. This level of uncertainty is making financial planning extremely difficult and requires the council to be flexible and adaptable in its financial planning. The strong financial position of the council will ensure that the council is well placed to react effectively to any outcome, however planning with this level of uncertainty is not conducive to effective long term decision making.
- 6 Planning at this stage is on the basis that the council will lose a further £10 million of government funding over a five year transition period as a result of the FFR implementation in 2021/22. This position primarily reflects ongoing concerns regarding the expected utilisation of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant which would result in a loss of £18 million of funding. It has been assumed, that the £4.8 million of one off funding received in 2019/20 for Adult and Children's social care pressures will continue on a recurrent basis.
- 7 In line with previous practice the MTFP Model has been reviewed. Savings of £34.2 million are forecast to be required to balance the budget over the 2020/21 to 2023/24 period. Savings are forecast to be required in all years of MTFP(10) as budget pressures and the impact of funding reductions outstrip the council's ability to generate additional income from business rates and council tax.
- 8 The achievement of an additional £34.2 million of savings over the next four years will be extremely challenging – more so given the level of savings already made. The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies is becoming exhausted following the delivery of £234 million of savings up to 31 March 2020.

- 9 The total savings required at this stage for 2020/21 to balance the budget amount to £12.9 million. A sum of £3.7 million of savings were already agreed in MTFP(9) for 2020/21 and it is assumed that £2.8 million of the Budget Support Reserve(BSR) will be utilised to provide short term support to the High Needs Dedicated Schools Grant (HNDSG) budget. This leaves a savings shortfall at this stage of £6.4 million to balance the budget next year. At the present time, additional savings plans are being developed to enable the council to be able to react to the outcome of the 2020/21 local government finance settlement which is expected to be announced in December 2019. If required, the council is able to utilise the Budget Support Reserve (BSR) to balance the budget in 2020/21 as required. The current balance on the BSR, as reported to Council on 21 February 2019 is £24.2 million.
- 10 The council is now the only local authority in the North East to have retained entitlement levels for Council Tax Support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14. The policy has protected vulnerable residents at a time when welfare reform changes have had a significant adverse impact. This report recommends that the current LCTRS is retained for a further year into 2020/21. Should the Cabinet agree, the council will need to formally adopt this policy at Full Council prior to 9 March 2020.

Recommendation(s)

- 11 Cabinet is recommended to:
- (a) note the requirement to identify additional savings of £34.2 million for the period 2020/21 to 2023/24;
 - (b) note the £6.370 million of savings for the period 2020/21 to 2023/24 were previously agreed in MTFP(9);
 - (c) note this leaves a forecast £27.8 million savings shortfall across MTFP(10) although this forecast could change significantly based upon outcomes of the Comprehensive Spending Review, the Fair Funding Review and after addressing future base budget pressures being faced by the council
 - (d) note that at this stage a forecast £6.4 million of savings are required to balance the 2020/21 budget;
 - (e) agree the high level MTFP(10) timetable;
 - (f) agree the approach outlined for consultation;

- (g) agree the proposals to build equalities considerations into decision making;
- (h) agree that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2020/21.

Background

- 12 To ensure MTFP(10) can be developed effectively and savings targets delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed and followed.
- 13 The current MTFP(9) forecast that the Council agreed on 20 February 2019 covers the four year period 2019/20 to 2022/23. It is recommended at this stage that MTFP(10) covers a four year period 2020/21 to 2023/24. Although the maximum period to be covered by the CSR is expected to be three years it is felt prudent for the council to continue to plan across a four year timeframe. During this period the council will continue to face significant budget pressures, especially relating to the National Living Wage and Social Care whilst facing the uncertainty over the impact of the FFR. Planning across the medium term in this way ensures that decisions can be made in the knowledge of the likely financial position of the council and provides a basis for effective decision making taking account of the best estimates of income and expenditure.
- 14 At this stage of the planning cycle for MTFP(10) the following areas are presented for consideration by Cabinet:
 - (a) an update on the development of the 2020/21 budget since the Council agreed its MTFP(9) strategy on 20 February 2019;
 - (b) an update on the MTFP(10) savings forecast for the period 2020/21 to 2023/24;
 - (c) a draft MTFP(10) decision making timetable;
 - (d) proposed approach for consultation of MTFP(10);
 - (e) workforce implications;
 - (f) equality considerations;
 - (g) consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2020/21.

Review of MTFP Model

- 15 As set out earlier in the report, the financial outlook for the council continues to be extremely challenging. The national finances are in a healthier state than for a number of years which has enabled a £20 billion future commitment to the NHS. If, as expected, Education, International Aid and Defence receive future protection there could be difficult years ahead still for unprotected government departments. It is forecast therefore that future settlements for local government are cash

flat, although a further £10 million funding reduction is forecast as a result of the FFR which is now expected to be implemented in 2021/22.

- 16 The council will need to continually review the MTFP(10) projections and savings requirements over the coming months in light of future announcements.
- 17 In line with previous years, a thorough review of the Council's budget has taken place subsequent to the approval of MTFP (9) by the Council on 20 February 2019. This has resulted in a number of changes to the assumptions for 2020/21 and future years. The key adjustments and major areas for consideration are detailed below:

(a) **Revenue Support Grant (RSG) / Fair Funding Review**

It is presently forecast that the CSR and FFR will be delayed and there will be a one year settlement for 2020/21. At this stage assumptions in relation to future local government finance settlements and the outcome of the FFR are unchanged from MTFP(9). The main assumptions being as follows:

- (i) it is forecast that there will be no further core funding reductions announced as part of the CSR process;
- (ii) it is forecast that the council will lose a further £10 million of funding as a result of the FFR and that the impact of this loss will be transitioned over a five year period from 2021/22 i.e. a £2 million loss per annum;
- (iii) the funding the council received in 2019/20 of £4.8 million for adult and children's social care will become recurrent;
- (iv) there will be no increase in the Better Care Fund;
- (v) the council tax referendum level will be 2% over the MTFP(10) period and that additional Adult Social Care Precepts will not be applicable from 2020/21.

At this stage any assumption could change as a result of the CSR, the FFR and the publication on the provisional local government finance , probably in December 2019. It is hoped that clarity will be provided during 2019 in terms of the timing of the CSR and the FFR.

In terms of the FFR, the major concern for the council continues to be public health funding. Consultations to date on the FFR continue to advocate that public health grant will transfer into the Business Rate Retention (BRR) process as part of the move to

75% retention from 50%. As part of this transfer, the intention is to utilise the revised Advisory Committee on Resource Allocation (ACRA) methodology to allocate public health funding. It is forecast that this will result in a loss of £18 million (38%) of the council's public health funding. It is forecast that the council may benefit from other elements of the FFR resulting in the current £10 million forecast loss built into the MTFP. Clearly, the council will continue to lobby throughout the review process and this position will need to continue to be reviewed across the MTFP(10) period.

(b) Council Tax / Business Rate Tax Base Increases

Regular reviews are carried out on tax base increases and at this stage it is forecast that the assumptions, factoring in agreed and anticipated growth through new developments, can be amended as follows which will support MTFP(10):

	£m
2020/21	2.5
2021/22	2.5
2022/23	3.0
2023/24	1.5

(c) National Living Wage (NLW)

Assumptions were based upon the Low Pay Commission's November 2019 report which forecast that the NLW would reach the 60% of median wage target in 2020/21 with a rate of £8.62 per hour. At this stage after 2020/21 it is forecast that the NLW will increase by the forecast increase in median wages which is 3.25% as detailed below;

	£ per hour	% increase
2019/20	8.21	
2020/21	8.62	5.00%
2021/22	8.90	3.25%
2022/23	9.19	3.25%
2023/24	9.49	3.25%

Base budget pressures have been included across the MTFP(10) period for the impact of the NLW based upon the above position. This impact in the main relates to price increases the council will be required to pay to private sector providers to take account of their increased costs across the MTFP(10) period. A 1.5% annual price inflation allowance is included across the MTFP(10) period but this is unlikely to suffice when private sector provider employee costs can be increasing due to 3.25% - 5% increases in

the NLW. The major impact relates to the private sector social care providers.

(d) Employer Pension Contributions

The results of the triennial review of the Pension Fund will be applied from April 2020. This will set the employers pension contribution rate for the next three years as well as determining the annual contribution to eliminate the pension fund deficit. Originally, it was forecast that an increase of £1 million would be required in 2020/21. At this early stage of the review process it is forecast that the worst outcome would be for the total annual budget contribution for the council to reduce by £2 million due to improved performance of the Pension Fund and a slow down in life expectancy increases.

(e) Children's High Needs DSG Short Term Support

The council supported the High Needs DSG budget in 2019/20 from the BSR. The £5.6 million contribution was made on the basis of a thorough review of the High Needs DSG budget would identify efficiencies and budget reductions to bring the budget back into balance from 2020/21. In addition, it was hoped that extensive lobbying of the government would result in a significant increase in the High Needs DSG budget.

Although progress is being made in terms of the development recovery plan and although an increase in the budget is forecast for 2020/21 it is forecast that this will not fully recover the full £5.6 million in 2020/21. It is assumed therefore that £2.8 million will be recovered in 2020/21 with the remaining £2.8 million in 2021/22. At this stage it is assumed that the BSR will be utilised in 2020/21 to cover the £2.8 million. This position will be kept under review.

(f) Children's High Needs DSG – Budget Review

Home to school transport for all Durham pupils (funded by the by the Local Authority) is the responsibility of the School Places and Admissions within Children and Young Peoples Service (CYPS) which is financed via the general fund. The exception to this has been home to school transport related to young people educated at The Woodlands (pupil referral unit) which has been funded by the High Needs DSG. It is proposed that to reduce the pressure on the High Needs DSG and ensure a consistent approach, that Home to School transport for pupils at the Woodlands be funded by the general fund. The additional budget pressure being £0.6 million.

As part of the ongoing evaluation of the cost born by the High Needs DSG a review has been carried out into how overhead costs are charged from the general fund into the High Needs DSG. This review has highlighted that the recharges should be reduced by £0.7 million resulting in a general fund base budget pressure.

(g) Culture and Museums

A review of support to the council's support the culture and museums is being undertaken and the latest MTPF includes estimates of the council's financial support requirements. This will be reviewed as the review concludes and prior to the budget being finalised.

2020/21 Savings Forecast

- 18 Based upon the revised assumptions detailed in this report, the savings requirement for 2020/21 is forecast to be £12.9 million, in line with the forecast in MTFP(9). The 2020/21 £12.9 million saving figure is inflated due to the need to recover the £5.487 million of the BSR utilised in 2019/20 to balance the budget and delay the impact of savings upon front line services.
- 19 In MTFP(9) savings of £3.345 million were approved which would be achieved in 2020/21. This forecast has now been increased by £0.4 million to £3.745 million, to reflect the latest savings forecast. The MTFP(9) approved savings of £3.745 million and the forecast £2.8 million use of the BSR to support the HNDSG reduce the savings shortfall in 2020/21 from £12.9 million to £6.4 million.
- 20 It is recognised that this savings figure could significantly change before Full Council sets the budget on 26 February 2020. The council continues to face significant additional budget pressures at the present time particularly in CYPS which could impact upon the savings requirement.
- 21 With this uncertainty in mind, work will continue in the coming months to identify additional savings to address any future shortfall. If there is still a shortfall in savings at the time Full Council agree the budget in February 2020, then the Budget Support Reserve (BSR) will need to be utilised. The current balance on the BSR is £24.2 million although this will reduce to £21.4 million based upon the use of £2.8 million to support the HNDSG.

MTFP(10) – 2020/21 to 2023/24 Update

- 22 The adjustments to MTFP(10) planning detailed in this report have impacted upon the forecast savings requirements for the 2020/21 to 2023/24 period.
- 23 The current forecast of savings required for the period 2020/21 to 2023/24 are detailed below:

	Savings Requirement	Less Savings Approved	Adj. for use of BSR	Savings Shortfall
	£m	£m	£m	£m
2020/21	12.900	(3.745)	(2,800)	6.355
2021/22	4.586	(1.850)	2.800	5.536
2022/23	7.593	(0.775)		6.818
2023/24	9.140	0		9.140
TOTAL	34.219	(6.370)	0	27.849

- 24 The table above highlights that it is forecast that additional savings of £27.849 million will be required across MTFP(10) to balance the budget. This must also be considered alongside the considerable uncertainty facing local government at this time especially in relation to the outcome of the CSR, the Fair Funding Review and the implementation of the next stage of BRR.
- 25 It is likely that savings plans in the future will become more complex and as such will require significant planning and consultation. It will be vital that timeframes for delivery are planned effectively to ensure the Council continues to balance the budget across the MTFP(10) period.
- 26 The realisation of additional £34.2 million of savings will have resulted in the Council being required to save £269 million from 2011/12. The MTFP(10) Model is attached at **Appendix 2**.

MTFP(10) Timetable

- 27 A high level timetable up to Budget setting is detailed overleaf:

Date	Action
10 July	MTFP report to Cabinet
13 September	Corporate Overview and Scrutiny Management Board consider 10 July Cabinet Report
11 December	MTFP report to Cabinet – outcome of Comprehensive Spending Review and Autumn Statement
16 December	Corporate Overview and Scrutiny Management Board consider 11 December Cabinet Report
15 January	MTFP report to Cabinet – analysis of provisional local government settlement
27 January	Corporate Overview and Scrutiny Management Board consider 15 January Cabinet Report
12 February	Budget Report to Cabinet
14 February	Corporate Overview and Scrutiny Management Board consider 12 February Cabinet Report
26 February	Council Budget and MTFP report

Proposed Consultation Programme

- 28 Based on the best practice that has developed over previous consultations, we will consult using our existing County Durham Partnership networks during October and November. This will include the 14 Area Action Partnerships (AAPs) and the thematic partnerships that support the County Durham Partnership. Additional work will be undertaken with special interest groups and there will be an opportunity for residents to respond electronically via the council’s website which will be promoted through the council’s presence on various social media platforms.

Workforce Implications

- 29 The council originally estimated 1,950 reductions to full time equivalent posts by the end of 2014/15. By 31 March 2020, it is forecast that there will have been a reduction of 2,955 posts, of which 704 will have been via the deletion of vacant posts. It is forecast that the number of post reductions will increase over the coming years as savings plans are developed and agreed to achieve the MTFP(10) required saving of £38.2 million.

- 30 The council will continue to take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce. This will require a continued focus on forward planning, careful monitoring of employee turnover, only undertaking recruitment where absolutely necessary and retaining vacant posts in anticipation of any required service changes, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce wherever possible.
- 31 In addition, the way that work is organised and jobs designed will continue to be reviewed by service groupings, with the support of Human Resources, to ensure that changes that are made to maximise the use of the workforce numbers and skills and introduce flexibility into the way work is organised to maximise the capacity of the remaining workforce.
- 32 These actions will ensure that, wherever possible, service reductions continue to be planned in advance. Employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

Equality Impact Assessment of the Medium Term Financial Plan

- 33 Consideration of equality analysis and impacts is an essential element that members must consider in their decision making. As in previous years, equality impact assessments will be key to capturing and utilising equality analysis throughout decision making processes, alongside the development of MTFP(10).
- 34 The aim of the equality impact assessment process is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation;
 - (b) identify any mitigating actions which can be taken to reduce negative impact where possible;
 - (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions;
 - (d) ensure the effective discharge of the public sector equality duty.

- 35 As in previous years, equality analysis is considered throughout the decision-making process, alongside the development of MTFP(10). This

is required to ensure MTFP decisions are both fair and lawful. The process is in line with the Equality Act 2010 which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires us to make reasonable adjustments for disabled people.

- 36 In addition, the public sector equality duty (PSED), contained at section 149 of the Equality Act, requires us to pay 'due regard' to the need to:
- (a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 37 A number of successful judicial reviews have reinforced the need for robust consideration of the public sector equality duty and the impact on protected characteristics in the decision making process. Members must take full account of the duty and accompanying evidence when considering the MTFP proposals.
- 38 Throughout the period of MTFP planning through to setting the MTFP (10) budget in February 2020, the equality analysis for all savings proposals will be developed alongside emerging savings proposals. Any relevant consultation activity and/or feedback will be fed into assessments. Equality analysis and impact assessments will be considered in decision-making processes and at budget setting.
- 39 In terms of the ongoing programme of budget decisions the council has taken steps to ensure that impact assessments:
- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;
 - (b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
 - (c) objectively consider any negative impacts and alternatives or mitigation actions so that they support fair and lawful decision making;
 - (d) are closely linked to the wider MTFP decision-making process;
 - (e) build on previous assessments to provide an ongoing picture of cumulative impact.

Local Council Tax Reduction Scheme for 2020-21

- 40 The government abolished the national Council Tax Benefits System (CTB) on 31 March 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a Local Council Tax Reduction Scheme (LCTRS) with effect from 1 April 2013. The LCTRS provides a 'discount' against the Council Tax charge, rather than a benefit entitlement.
- 41 The Council Tax Reduction Scheme Grant replaced Council Tax Benefit subsidy and from April 2013 is paid directly to the Council and the major precepting bodies (Police and Fire).
- 42 Government funding towards council tax support was reduced by 10% nationally in 2013/14. By so doing, the government also transferred the risk of any growth in the system through more council taxpayers becoming eligible for support with their council tax to local authorities as the government grant was a fixed amount.
- 43 The funding made available to support the Local Council Tax Support Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the council's formula funding arrangements. Whilst separate figures were published for this in 2013/14, there is no longer any visibility over what level of funding is actually contained within the formula now for Council Tax Reduction Schemes.
- 44 The council's formula grant includes an element relating to Town and Parish (T&P) Councils and whilst the council has passed the grant on to the Town and Parish Councils, there is no statutory requirement to do so.
- 45 Following discussions with the Town and Parish Councils' Working Group, and in the spirit of partnership working, recognising the important role Town and Parish Councils play in providing local services to communities, it is proposed to continue to pass on the Town and Parish element of the formula grant in 2020/21.
- 46 Given the uncertainties around the outcome of the Comprehensive Spending Review and the Fair Funding Review it is proposed that the Council Tax Support Grant paid to Town and Parish Councils 2020/21 is the same as 2019/20, to provide some certainty to Town and Parish Councils. Local Council Tax Support Grant payments to Town and Parish Councils is therefore forecast to be £1.311 million in 2020/21.
- 47 LCTR provides a 'discount' against the council tax charge, rather than crediting the account with a benefit payment and as such impacts on

the council tax base and therefore the tax raising capacity of the council and its precepting bodies.

- 48 All local authorities are required to follow a national LCTR scheme for pension age applicants, which protects their entitlement at the same level as under former CTB. The pension age scheme can only be altered locally in ways which make it more generous to applicants.
- 49 There are no such restrictions on the level of support that can be given by working age LCTR schemes.
- 50 Information collated by the Institute for Fiscal Studies (IFS) shows that in 2018/19 Durham was one of only 34 councils in England, out of 326, whose LCTR scheme continued to offer the same level of support to working age households as CTB.
- 51 In the North East the only other authority to do so was Northumberland County Council, however, for 2019/20 they have made changes to their scheme and now limit working age LCTR to a maximum of 92% of any council tax bill. All working age council taxpayers in Northumberland now make a minimum 8% contribution to their council tax, regardless of their circumstances.
- 52 The majority of councils who made changes to their schemes in the first few years of LCTR, did so to cap the overall amount that could be paid to working age households – 80% of councils had one in 2018-19 – but different councils have set them at very different levels. Combined with different choices about other aspects of scheme design, this means that otherwise similar households are treated very differently according to where they live. However, more recently, local authorities have started to focus on making changes to better support applicants receiving Universal Credit (UC), while maintaining a cap on the total amount that an applicant can receive.
- 53 The roll-out of Universal Credit was originally intended to be completed by 2017, but after repeated rescheduling the current target date is December 2023. Despite the extended roll-out, UC is already in payment to a significant number of people in Durham. As of 1 May 2019 there were circa 11,000 LCTR applicants receiving UC, around 32% of the working age LCTR caseload.
- 54 The LCTR scheme in Durham, based on CTB, is a complex scheme, designed to reflect and interact with the Department for Work and Pensions' (DWP) long-standing range of legacy benefits. All of which are calculated weekly, are based on the same premiums and allowances, have identical income and capital assessment rules and an established history of common case law.

- 55 UC is a complete departure from the legacy benefits it replaces. It is calculated monthly, with new rules and new allowances, and for in-work claims is subject to regular monthly changes.
- 56 When compared to the legacy benefits schemes it replaces, UC produces more losers than winners, with prominent losers being disabled claimants, due to the loss of substantial disability allowances. Going forward, to offer effective support to applicants who receive UC, local authorities need to rethink their LCTR schemes.
- 57 Durham County Council took an early decision to accept electronic notifications of a new UC claim from the DWP as an application for LCTR. This measure has helped Durham maintain its working age caseload. Other local authorities have seen large drops in the number of LCTR applications received, due to residents no longer being required to come to the council to make joint HB and LCTR claims. This will have resulted in increases in council tax arrears and impacted on collection performance.
- 58 In terms of impact on LCTRS workload, we are around four times more likely to receive a report of a change in circumstances when a working age LCTR claim is based on UC, than when they are not.
- 59 Regular monthly recalculations of UC and LCTR, most frequently caused by changes in earnings, lead to multiple bills being issued to the household and significant difficulties for residents trying to maintain their council tax payments. Net council tax charges are repeatedly being recalculated and instalment dates pushed back to later in the year. This is further complicated by the need to give customers paying by direct debit 14 days' notice when making a change in their payments. These changing instalments can cause considerable budgeting difficulties for residents, as well as a knock-on impact for the council in terms of increased call traffic and council tax collection work.
- 60 The Institute for Fiscal Studies (IFS) estimate that a quarter of the additional council tax liability created by cuts to LCTR since 2013 is not being collected in year. The table below summarises the key features of the schemes in place across the North East in 2019/20 and how their in-year council tax collection rates have changed between 2012/13 and 2018/19 (which is the latest published data available):

Local Authority	Basis of Scheme	Minimum Payment	Second Adult Reduction Offered?	Change in in-year council tax collection rate between 2012-13 and 2018-19
Durham	CTB	No	Yes	+1.62%points
Darlington	CTB	20%	No	+0.12%points
Gateshead	CTB	8.5%	No	-0.86%points
Hartlepool	CTB	12%	No	-1.30%points
Middlesbrough	CTB	15%	No	-3.41%points
Newcastle	Income Banded	10%	No	+0.06%points
North Tyneside	CTB	15%	No	-1.46%points
Northumberland	CTB	8%	Yes	+0.33%points
South Tyneside	CTB	30% or 15% if vulnerable	Yes	-1.99%points
Stockton	CTB	20%	No	-2.44%points
Sunderland	CTB	8.5%	Yes	-1.38%points

- 61 In some local authorities, like Durham, low-income households continue to be exempt from paying Council Tax whilst in others they are required pay up to 50% of their bill. There is therefore a wide disparity of support available across the Country.
- 62 Nationally, LCTR schemes provided 24% less support to working-age households in 2018/19 than if the national council tax benefit (CTB) system had been retained.
- 63 There are now 1.4 million households who have to pay some council tax who would not have had to pay it if the pre-2013 system had been maintained. A further 1.6 million households are billed for more than they otherwise would have been – around one-quarter (0.4 million) due to the mirroring of national benefits changes in LCTR schemes and the remaining three-quarters (1.2 million) due to the additional cuts to LCTR schemes that councils have made – most commonly to introduce a cap on the overall level of support a working age claimant can receive. Page 85

- 64 Overall, only around 500,000 – barely a quarter – of the households that would have had their council tax bills entirely covered by the old CTB system still have it fully covered by LCTR. The other three-quarters have to pay at least some council tax in 2018–19; 63% must pay more than £100, a third must pay more than £200 and almost one in ten must pay more than £300.
- 65 There are currently 57,600 LCTR applicants in County Durham, of which 23,000 (40%) are pension age and 34,600 (60%) are working age. Almost 80% of all working age applicants receive maximum LCTR, leaving them with no council tax to pay. Over 85 % of working age LCTR applicants live in rented accommodation and almost 90% occupy Band A properties. LCTRS support is forecast to be circa £58 million in 2019/20.
- 66 Overall, the LCTRS caseload in Durham has reduced by 9.85% between 2013/14 and 2018/19, reflecting a national trend which is in part attributed to improved economic conditions (reduced unemployment) across this period and the increase in the state pension age. The reduction in LCTRS caseloads nationally has been 17% over the same period, which will reflect the fact that many local authorities have made their schemes less accessible, meaning fewer applicants now qualify for support.
- 67 In Durham, there are now over 2,800 claimants currently classed as working age that would have been treated as pensionable age claimants prior to 2010, when the process of moving state pension credit age from 60 to 66 began. This process is expected to be completed in 2020 with a further move up to 67 between 2026 and 2028, then to 68 between 2044 and 2046.
- 68 Over the last six years there has been a seven percentage point increase in the proportion of working age applicants within Durham. This means a higher proportion of our caseload is coming under the part of the LCTRS scheme that the Council has control over. Working age customers also carry a greater administrative burden as they have more frequent changes in their circumstances.
- 69 As Members will be aware, if any changes are made to the scheme, these must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Council Meeting before 11 March each year.
- 70 Pensioners, have to be protected from any changes, with any reductions applied to working age claimants only.
- 71 Seven years after the government abolished the national Council Tax Benefits System the council continues to have a Local Council Tax

Reduction Scheme which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No LCTRS claimants have therefore been financially worse off in the last seven years (including the current year) than they would have been under the previous national scheme.

- 72 The council has been mindful of the continuing impacts of the wider welfare reforms which are having a detrimental impact on many low income households and the fact that the additional Council Tax liabilities for working age households could have a significant impact on affected household budgets by around £100 to £130 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low income households.
- 73 In approving the scheme for 2019/20, the council (31 October 2018) gave a commitment to review the scheme on the grounds of medium term financial plan (MTFP) affordability and on-going austerity causing further MTFP pressures.
- 74 Based on Taxbase assumptions, the estimated net cost of retaining the scheme is circa £5.1 million – this reflects the reduction in Government Grant support towards maintaining these schemes in the first year. To recover the full £5.1 million cost by reducing the benefit awarded to working age claimants, and factoring in a prudent collection rate of 80%, would require the maximum entitlement to be reduced from 100% to 79.8%.
- 75 Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £2.52 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1 million (based on a scheme that awarded maximum entitlement of 79.8% with a prudent collection rate of 80%). This would impact circa 34,600 working age households across County Durham, where 9,450 (27%) are actually in low paid jobs rather than being unemployed.
- 76 Following careful consideration of the current financial position of the council and in light of further cuts to the Welfare Budget planned by government, including the continued roll out of Universal Credit Full Service, which commenced in October 2017 in County Durham; it is proposed that Cabinet recommend to Council that the current scheme should be extended for a further year into 2020/21 and, therefore, that no additional council tax revenues or pressures are built into the MTFP projections from a review of the LCTRS at this stage.

- 77 The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the government's Welfare Reforms are complex and difficult to track, demand for Discretionary Housing Payments; Social Fund Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide ranging proactive support that has been put in place, is continuing to have a positive impact on these households.
- 78 The council will need to continue to review the national situation and track what is happening in local authorities that have introduced Local Council Tax Reduction Schemes that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.
- 79 The council will also need to keep track of the continuing impact of the roll out of Universal Credit (UC). This presents continuing challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.
- 80 More significantly however, UC changes results in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any Council Tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%.

Background papers

- Welfare Reform Act 2012.
- Local Council Tax Reduction Scheme 2019/20 – report to Council 31 October 2018
- The impacts of localised council tax support schemes – Institute for Fiscal Studies Report January 2019
- Review of the Council Tax Discretionary Discounts (Hardship Relief) Policy
- Council Tax Discretionary Discounts – Council Tax Exemption for Care

- Discretionary Rate Relief - Review of Local Discretionary Rate Relief Policy

Contact:	Jeff Garfoot	Tel: 03000 261946
	Paul Darby	Tel: 03000 261930
	Jenny Haworth	Tel: 03000 263603

Appendix 1: Implications

Legal Implications

There is a statutory requirement for the council to adopt a local council tax support scheme for the ensuing financial year by 11 March. Where the council is proposing any changes to its scheme, there is a statutory requirement to consult on these proposals in advance of making any changes.

Finance

The report highlights that at this stage £6.4 million of savings are required to balance the 2020/21 budget with £34.2 million across the next four years. Work will continue over the coming months to identify savings to balance the budget across the MTFP(10) period.

The funding made available to support the Local Council Tax Reduction Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the Council's formula funding arrangements.

The council has continued to pass on the Town and Parish element of its formula grant over the last seven years but in doing so continue to apply pro-rata reductions in the Council Tax Support Grant paid to Town and Parish Councils. In 2020/21, due to uncertainties over the Comprehensive Spending Review and Fair Funding Review it is proposed to retain Local Council Tax Support Grant payments to Town and Parish Councils at the 2019/20 levels and make payments of £1.311 million in 2020/21.

The council is now responsible for the costs of any increase in caseload as the level of Government support is fixed within formula grant.

Prudent estimates and provisions were built into the tax base forecasts at budget setting, and whilst the council is subject to greater financial risk now, the current scheme remains within the budget provisions.

Should the council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £2.52 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1 million (based on a scheme that awarded maximum entitlement of 79.8% with a prudent collection rate of 80%). This would impact circa 34,600 working age households across County Durham, where 9,450 (27%) are actually in low paid jobs rather than being unemployed.

Consultation

The approach to consultation on MTFP(10) is detailed in the report.

Towns and Parish Councils have been consulted on the proposals to continue to passport an element of the Councils formula grant, equivalent to the Town and Parish share of the Local Council Tax Reduction Scheme grant funding.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the proposed approach to developing MTFP(10).

Seven years after the government abolished the national Council Tax Benefits System the council continues to have a Local Council Tax Reduction Scheme which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last seven years than they would have been under the previous national scheme and if the proposals set out in this report and ultimately agreed by Council in the autumn this will continue to be the case.

The Government EIA on the Local Council Tax Reduction Scheme was published in January 2012 and is relatively brief. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

Given the proposals to extend the current LCTRS into 2020/21, thereby continuing to protect current entitlement, then there will be no negative equalities impact, with the financial position of claimants protected in 2020/21.

Should the council decide against extending the current scheme into 2020/21, and elect instead to pass on reductions to working age claimants, there would be a range of potential negative equalities impacts. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts are most likely in relation to gender, age and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion or belief.

Human Rights

Any human rights issues will be considered for any detailed MTFP(9) and Council Plan proposals as they are developed and decisions made to take these forward.

Crime and Disorder

Any reduction in Council Tax support, alongside other welfare changes could see an increase in crime if customers seek to increase their income to make up for the benefits lost. The proposals set out in this seek to protect current entitlement in 2020/21 and as such have no implications, though the impact of the wider welfare reforms agenda will need to be kept under constant review.

Staffing

The savings proposals in MTFP(10) will impact upon employees. HR processes will be followed at all times. It is now expected that the forecast reduction in full time equivalent posts in the 2011/12 to 2019/20 period will be 2,955 with more reductions expected over the next four years. In terms of the reviews of Council Tax Discounts and Business Rates Hardship Relief Policies, there are no additional implications associated with this report. Processing applications under both policies is managed from within existing resources within the Assessments and Awards Team within Financial and Support Services, Resources.

Accommodation

None specific within this report.

Risk

There continues to be significant risk in terms of planning across the MTFP(10) period. The uncertainty faced by local government at the present time is unprecedented and local authorities have already delivered the vast majority of all possible efficiency savings. Any additional funding reductions or unfunded budget pressures will leave all local authority with difficult choices.

The council will continue to plan effectively in this regard working up savings plans to assist in balancing future savings requirements. As required the BSR is in place to provide short term cover for budget shortfalls.

The report outlines a range of financial risks surrounding the Local Council Tax Reduction Scheme. These are being effectively managed at this time. Given that the proposal is to extend the current arrangements into 2019/20 there are no system development issues or risk associated with these proposals as the systems were amended in advance of 2013/14.

The council will need to keep track of the impact of continuing impact of the roll out of Universal Credit (UC). This presents continuing challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances (experience is that the UC earned income element changes frequently as the person moves through the claimant commitment with their Job Coach) and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.

More significantly however, UC changes results in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any Council Tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%.

Procurement

None specific within this report.

Appendix 2: Medium Term Financial Plan - MTFP(10) 2020/21 - 2023/24 Model

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Government Funding				
Reduction in Funding due to Fair Funding Review	0	2,000	2,000	2,000
Reduction in Benefit Admin Grant	150	150	150	0
Bus. Rates/Sec. 31 - CPI increase (1.5%/1.5%/1.5%/1.5%)	-1,000	-1,000	-1,000	-1,050
Top Up - CPI increase (1.5%/1.5%/1.5%/1.5%)	-1,050	-1,000	-1,000	-1,000
Improved Better Care Fund	4,000	0	0	0
Adult Social Care Winter Pressures	2,820	0	0	0
New Homes Bonus	800	250	250	0
Other Funding Sources				
Council Tax Increase - 1.99%	-4,400	-4,500	-4,600	-4,700
Council Tax/Business Rate Tax Base increase	-2,500	-2,500	-3,000	-1,500
Estimated Variance in Resource Base	-1,180	-6,600	-7,200	-6,250
Pay inflation (2% - 2% - 2% - 2%)	4,400	4,500	4,600	4,700
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,400	3,500	3,600	3,700
Base Budget Pressures				
Costs Associated with National Living Wage	4,000	2,500	2,400	2,400
Additional Employer Pension Contributions	-2,000	0	0	1,000
Energy Price Increases	250	250	250	250
Pension Fund Auto Enrolment - Employer Contributions	0	0	500	0
SSID Replacement Licences	0	100	100	0
Adults Demographic Pressures	1,000	1,000	1,000	1,000
Adult Social Care Winter Pressure	-2,820	0	0	0
Adults - Winterbourne	472	0	0	0
Childrens - Demographics	500	500	500	500
Childrens Social Care - One Off Pressures	-393	0	0	0
Childrens High Needs DSG Short Term Support	-2,800	-2,800	0	0
Childrens High Needs Pressures - H2ST and Recharges	1,300	0	0	0
REAL - HWRC Contract Inflation	500	0	0	0
REAL - Empty Homes	0	-103	0	0
Culture and Museum Review	184	-111	-7	-10
Unfunded Superannuation	-150	-150	-150	-150
Prudential Borrowing to fund new Capital Projects	750	2,000	2,000	2,000
TOTAL PRESSURES	8,593	11,186	14,793	15,390
Use of One Off funds				
Adjustment for use of BSR in previous year	5,487	2,800	0	0
Savings				
Savings Agreed in MTFP(9)	-1,495	0	-275	0
Transformation Savings	-2,250	-1,850	-500	0
Use of BSR - utilised to finance HNDSG shortfall	-2,800	0	0	0
SAVINGS SHORTFALL	6,355	5,536	6,818	9,140
TOTAL SHORTFALL	6,355	5,536	6,818	9,140

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**Corporate Overview & Scrutiny
Management Board**

13 September 2019



**Review of the Council Tax Long Term
Empty Premium Charges**

Report of Corporate Management Team

John Hewitt, Corporate Director, Resources

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To consider the opportunities, risk and issues associated with reviewing the Council's policy in terms of Empty Homes Discounts and the policy of applying a 50% premium on properties which have been unoccupied and unfurnished for more than 2 years, where Councils now have the power to:
 - (a) apply a maximum 100% premium on such properties (from April 2019) along with
 - (b) the power to apply a maximum 200% premium on properties which have been unoccupied and unfurnished for more than 5 years (from April 2020).
- 2 To consult Corporate Overview & Scrutiny Management Board members on proposals to change the council's policy of charging a 50% premium on long term empty homes from April 2020 (as set out above).

Executive summary

- 3 Since April 2013, Councils have been able to apply a maximum 50% Council Tax Premium on properties that have been unoccupied and unfurnished for more than 2 years.

- 4 In line with the majority of Councils, Durham introduced the Premium charge from April 2013. This resulted in an initial sharp reduction in the number of long term empty properties (approximately 33% in the first 6 months), after which the numbers have been fairly static, along with an increase in revenue to the Council from those properties that were not brought back into use.
- 5 Following a change in legislation, which came into effect from April 2019, Councils now have the power to charge a 100% Council Tax Premium for properties which have been unoccupied and unfurnished for more than 2 years and will be able to charge a 200% Premium on those properties which have been unoccupied and unfurnished for 5 years or more from April 2020.
- 6 To implement these powers the Council would need to change its adopted policy on Long Term Empty Property Charges, the advantages of implementing these changes would be as follows:
 - (a) There will be a further incentive for the owners of long term empty properties to bring them back into use, potentially boosting the supply of properties available to rent in the County and making a positive impact on our Housing and Homeless strategies. The majority of long term empty properties are in the lowest Council Tax band (A), often in the more deprived areas of the County and could therefore be a useful source of affordable housing.
 - (b) In addition, where properties are not brought back into use there is a potential further increase in revenues to the Council (£1.83million if there was no reduction in the number of long term empty properties), providing the opportunity for MTFP savings.
- 7 The Council could also consider applying the empty homes premium charge to long term empty properties which require or are undergoing major repair work to make habitable which the council currently charges at 100%, with no long term empty property premium levied. Charging 200% Council Tax on these properties (i.e. applying a 100% premium) could generate a further £26,000 in revenue.
- 8 Applying a Long Term Empty Property Premium encourages the owners of these properties to bring them back into use. This in turn makes a positive contribution to the Council Housing and Homelessness Strategies.
- 9 In April 2013, when the Council introduced the current policy, there was a 33% reduction in the numbers of long term empty properties.
- 10 Increasing the premium provides a further financial disincentive for absent landlords to retain long term empty properties. However, the

potential benefits of the proposals need to be considered in the context that in some areas where there is low demand for rental properties, some owners may feel forced into letting properties to avoid paying the premium. In turn, this could result in property management problems where properties are let to unsuitable tenants.

- 11 On 10 July, 2019 Cabinet considered a report outlining the opportunities, risk and issues associated with reviewing the Council's policy in terms of Empty Homes Discounts, in line with the new powers available to Councils in this regard.
- 12 Cabinet agreed to consult over a 12 week period (July 2019 and October 2019) on the implementation of these powers by amending its Long Term Empty Property Charges Policy to increase the empty homes premium charge from April 2020 as follows
 - (i) charge a 100% empty homes premium on properties that have been unoccupied and unfurnished for between two and five years at 1 April 2020;
 - (ii) charge a 200% empty homes premium on properties that have been unoccupied and unfurnished for five years or more at 1 April 2020; and
 - (iii) charge the empty homes premium on properties that have been unoccupied and unfurnished for two years or more that require or are undergoing major repairs
- 13 The outcome of the consultation will be included in a further report to be presented to Cabinet in the November/December, which will make recommendations on any policy changes for 2020/21

Recommendation(s)

- 14 It is recommended that members of the Corporate Overview & Scrutiny Management Board consider the contents of this report and provide views / feedback on proposals to change the council's policy of charging a 50% premium on long term empty homes from April 2020.

Background

- 15 Billing Authorities in England, Scotland and Wales have had the power to increase council tax on properties which have been ‘unoccupied and substantially unfurnished’ for a period of two years or more. This is known as the ‘empty homes premium’. In England this was introduced in the Local Government Finance Act 2012 and was effective from 1 April 2013. It is for the billing authority (the district or unitary council) to decide whether to levy an empty homes premium.
- 13 From 1 April 2013, in England, billing authorities were given the powers to charge up to 150% on properties which had been unoccupied and substantially unfurnished for at least two years. A period of occupation of over six weeks qualifies as a break in the empty period, effectively ‘resetting the clock’ for the purposes of the empty homes premium.
- 14 Liability for the empty homes premium is determined by the length of time that the property has been empty and unfurnished. An individual who purchases a property in England which has already been empty for two years may be required to pay the premium as soon as they take ownership. Billing authorities are not required to apply a discount or exemption if the buyer subsequently renovates the house without living in it. Where an empty property has benefited from a discount or exemption from council tax, the two-year qualifying period for the empty homes premium begins from the date on which the property became empty, not from the date at which the discount or exemption ended.
- 15 In England, the empty homes premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes, or to annexes being used as part of a main property. In addition, guidance for local authorities in England, published in May 2013, stated:
- ‘The government’s intention behind the decision to provide billing authorities with the power to charge a premium was not to penalise owners of property that is genuinely on the housing market for sale or rent’.*
- ‘The government expects billing authorities to consider the reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent, and decide whether they want such properties to be included in their determination’.*
- 16 Applying a Long Term Empty Property Premium encourages the owners of these properties to bring them back into use. This in turn makes a positive contribution to the Council Housing and Homelessness Strategies.

- 17 In April 2013, when the Council introduced the current policy, there was a 33% reduction in the numbers of long term empty properties.
- 18 Increasing the premium provides a further financial disincentive for absent landlords to retain long term empty properties. However, some owners may find it impossible to let properties where there is no demand and some owners of long term empty properties could feel forced into letting properties to avoid paying the premium, which could result in property management problems where properties are let to unsuitable tenants.

Legislative Changes – Additional Powers

- 19 From April 2013 to March 2019, the maximum empty homes premium that a local authority in England could set was 50% (effectively making the owner liable for a 150% Council Tax charge).
- 20 In the November 2017 Budget, the Chancellor announced the Government's intention to legislate to bring the maximum charge for long term empty homes in England up to 200%, with the chancellor making the following statement:

'I want to address the issue of empty properties. It cannot be right to leave property empty when so many are desperate for a place to live, so we will legislate to give local authorities the power to charge a 100% council tax premium on empty properties'.
- 21 The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018 subsequently included provisions to implement this commitment and went further by incorporating the power to charge even higher premiums for properties which have been unoccupied and unfurnished for 5 years and 10 years.
- 22 Subsection 1A of Section 11B of LGFA 1992 amended this figure to 100% from 1 April 2019 (making the owner liable for a 200% Council Tax charge). Subsection 1B also incorporated provisions to charge an additional 200% premium on properties which have been unoccupied and unfurnished for 5 years or more from 1 April 2020 (making the owner liable for a 300% Council Tax charge) and (subject to further legislative changes) a 300% premium on properties which have been unoccupied and unfurnished for 10 years or more from 1 April 2021 (making the owner liable for a 400% Council Tax charge).
- 23 Billing authorities (district and unitary councils) have the discretion over whether to adopt these powers and implement policy changes locally, and at what rate it should be set at. The Act provides that the 100% ceiling on the empty homes premium came into force for the 2019-20

financial year. It also provides that the 100% ceiling can apply to long-term empty properties as of 1 April 2019 irrespective of when they became empty.

- 24 The possibility of ‘phasing’ an increase in the empty homes premium over several years is not currently available to councils as the legislation (s.11b Local Government Finance Act 1992) only allows for one ‘blanket’ resolution by the council for one percentage for all long term empty homes.
- 25 There have been no changes to the criteria for class B (unoccupied furnished) exempt empty properties and the maximum Council Tax that can be charged for such properties (100%). Class B exempt properties covers those managed by Registered Social Landlords.

Durham’s Current Policy

- 26 Since 1 April 2013, Durham County Council has charged the previous maximum 50% empty homes premium on all long term empty properties, the policy decision having been taken by Cabinet in December 2012. Nationally, 299 out of 326 Councils (92%) applied an empty property premium in 2018/19, with the majority of councils choosing to implement the maximum 50% premium.
- 27 Figures at the end of April 2019 show the following number of properties in Durham subject to the empty homes premium along with the premium charge they generate:

Council Tax Band	Number of properties incurring a LTE Premium Charge	Premium Charged
A	1,083	£734,189.70
B	94	£71,594.88
C	56	£48,748.92
D	57	£56,176.08
E	27	£32,181.91
F	11	£15,288.42
G	12	£19,226.27
H	4	£7,911.02
Total	1,344	£985,317.20

NOTE: The figures above are for total Council Tax revenues. The Councils share of the Council Tax revenues generated is circa 80%, therefore the income attributable to the Council is circa £788,000.

- 28 A breakdown of the above properties by postcode and by Council Tax Band can be seen at Appendix 2.
- 29 When it was introduced in April 2013 there were 2,007 properties subject to the empty homes premium within the county. After an initial sharp drop (approximately 33% in the first six months), suggesting that either the rationale behind the legislation to bring properties back into use had worked to some extent or people who were occupying these properties became registered, the numbers have since been fairly static as shown below (figures taken as at October each year unless stated):

	2013	2014	2015	2016	2017	2018	April 2019
Number of dwelling classed as long term empty and subject to a LTE premium	1,280	1,413	1,591	1,576	1,528	1,448	1,364
Total number of dwelling classed as empty	7,630	8,252	8,147	7,642	8,013	7,637	7,511
Percentage of empty dwellings subject to LTE premium	16.78%	17.12%	19.53%	20.62%	19.07%	18.96%	18.16%

- 30 The national position is shown in the table below:

	2013	2014	2015	2016	2017	2018
Number of dwelling classed as long term empty and subject to a LTE premium, of which	56,055	56,482	58,756	59,443	60,898	62,419
- 10% LTE Premium	47	295	125	282	139	473
- 25% LTE Premium	428	443	444	258	245	228
- 50% LTE Premium	55,580	55,744	58,187	58,903	60,514	61,718
Total number of dwelling classed as empty	480,322	460,881	448,999	443,197	454,558	472,918
Percentage of empty dwellings subject to LTE premium	11.60%	12.10%	13.10%	13.30%	13.40%	13.20%

- 31 The proportion of empty properties subject to the Long Term Empty Property Premium in Durham has been consistently higher than the national average over the last five years. Circa 81% of these are in the lowest council tax band (Band A) and will be subject to an additional charge of circa £673 in 2019/20.
- 32 Approximately 30% of the long term empty properties in Durham have been identified as being owned by landlords as opposed to private individuals.

Increasing the premium to 100% for Long Term Empty Properties (Empty 2+ Years) with effect from 1 April 2020

- 33 Increasing the empty homes premium to 100% with effect from April 2020 would, if the number of properties subject to it stayed the same, result in an increase in the Taxbase of 489.4 band D equivalents, with a potential annual increase in total Council Tax revenue of approximately £0.985million – circa £0.788million of which would be able to be built into the Medium Term Financial Plan (MTFP).
- 34 At Band A, this would mean that the premium levied would result in an additional charge of circa £1,346 (based on 2019/20 council tax levels).
- 35 Unsurprisingly, the collection of the Council Tax charges for properties subject to the empty homes premium has proved to be more challenging, with an in year collection rate of 85.62% for 2018/19 compared to the overall Council Tax in year collection rate of 96.65%. However, over time the collection rate does improve, as demonstrated in the table below:

Financial Year	Recovery Rates – Accounts Subject to the LTE Premium			
	In Year Position – As at Year End		Position as at 31 March 2019	
	% Recovered	% Outstanding	% Recovered	% Outstanding
2013/14	83.04%	16.96%	98.01%	1.99%
2014/15	81.30%	18.70%	96.50%	3.50%
2015/16	79.38%	20.62%	95.18%	4.82%
2016/17	79.42%	20.58%	92.83%	7.17%
2017/18	85.39%	14.61%	91.54%	8.46%
2018/19	85.62%	14.38%	85.62%	14.38%

- 36 The Customer Relationship Management system (CRM) records show that in 2018/19 the Council received 7 complaints from customers objecting to having to pay additional Council Tax in relation to unoccupied properties.
- 37 If the policy was amended to double the premium and this was successful in reducing the number of long term empty properties by bringing them back into use (occupied or furnished) this would have a positive impact on the Council's New Homes Bonus, should this regime continue post the Comprehensive Spending Review and Fair Funding Review.
- 38 The New Homes Bonus Scheme is a non-ringfenced payment received from the Ministry of Housing, Communities and Local Government (MHCLG).
- 39 It is paid to local authorities for every home added to their council tax register, after deducting recent demolitions. The homes qualifying for the New Homes Bonus may be newly built, conversions or empty homes returned to use.
- 40 Under this scheme, which commenced in 2011/12, the Council originally received an award equivalent to six years Council Tax on each property brought back into use.
- 41 Currently, for each new home meeting the criteria, that award has now reduced to the equivalent of the national average for that home's council tax band paid every year for four years.
- 42 The DCLG determine the amount paid by the increase in the number of dwellings added to the tax base between CTB1 submissions (October each year) less the number of long-term empty properties.
- 43 Therefore, increasing the number of new builds in the database or decreasing the number of long-term empty properties both increase the number of dwellings assessable for New Homes Bonus.

Increasing the premium to 200% for long term empty properties that have been empty for over 5 years with effect from 1 April 2020

- 44 In addition to £0.985million of additional council tax revenues that could potentially be raised in 2020/21 by increasing the premium charge to 100% from 1 April 2020, a further £0.845million could potentially be raised by taking up the full powers available in 2020/21 by introducing a premium of 200% for properties that have been unoccupied and unfurnished for more than 5 years on 1 April 2020.

- 45 At Band A, this would mean that the premium levied would result in an additional charge of circa £2,692 (based on 2019/20 council tax levels) for those properties that were empty for over five years on 1 April 2020.
- 46 Should the Councils policy reflect the full powers available to it from April 2020, the Tax base would increase by 909.5 band D equivalents, resulting in a potential annual increase in total Council Tax revenue of approximately £1.83million, circa £1.464million of which would be able to be built into the MTFP, if the number of properties subject to it stayed the same. Appendix 3 provides breakdown according to property band.
- 47 Increasing the empty homes premium charge could encourage owners to pursue imaginative ways of avoiding becoming liable for it. Aside from unscrupulous ways such as saying properties are occupied by 'ghost' tenants, perhaps as sole occupiers therefore attracting a 75% charge, owners can try to get the properties reclassified as holiday homes and brought into rates with small business rates relief and therefore with nothing to pay.
- 48 Owners of long term empty properties can and will continue to be able to avoid the empty homes premium by furnishing their properties. It is likely that this practice would be more prevalent if there was an increase of the premium.

Benchmarking

- 49 In terms of other authorities in the North East, three have already made decisions to amend their policies in light of the legislative changes in the Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018. The table below shows the current position for neighbouring councils:

Sunderland	Charging 100% premium from April 2019 and will charge 200% premium from April 2020.
Northumberland	Currently charge 50% premium and have no plans to change for 2020.
Stockton	Currently charge 50% premium and have no plans to change for 2020.
South Tyneside	Charging 100% premium from April 2019 and will charge 200% premium from April 2020.
North Tyneside	Do not charge empty homes premium currently but are considering options to implement in 2020

Newcastle	Charging 100% premium from April 2019 and will charge 200% premium from April 2020
Middlesbrough	Currently charge 50% premium and have no plans to change for 2020.
Gateshead	Currently charge 50% premium and have no plans to change for 2020.
Darlington	Currently charge 50% premium and have no plans to change for 2020.
Hartlepool	Currently charge 50% premium and have no plans to change for 2020.

- 50 It is worth noting that Durham is the only authority in the North East that retains a Local Council Tax Reduction Scheme in line with the former National Council Tax Benefit system and does not cap the level of support working age claimants can receive or require vulnerable working age claimants to pay a minimum amount of Council Tax.

Long Term Empty properties which require or are undergoing major repairs - currently in receipt of a Class D exemption

- 51 From 1 April 2013 the exemption for properties which required or were undergoing major repair works to make them habitable (class A – maximum period 12 months) was abolished.
- 52 This was replaced by discount class D and Local Authorities were given the discretion to set a discount of between 0% and 100% for properties that meet the criteria (maximum period 12 months). Durham has not awarded any discounts for such properties since 1 April 2013 and therefore properties which meet the criteria are charged 100% Council Tax.
- 53 In circumstances where a property is subject to the Empty Homes Premium and then subsequently meets the criteria for a class D discount, Durham has charged 100% Council Tax rather than 150% (for a maximum period of 12 months).
- 54 Neighbouring Councils vary in their approach to the relationship between the empty property premium and locally set class D discounts, for example Newcastle and Northumberland currently adopt the same approach as Durham, however, Stockton, Sunderland and South Tyneside do not and have adopted the approach that where a property is subject to the empty homes premium, locally set discounts will not apply.

55 This approach appears to be consistent with s.11B (4) of the local Government Finance Act 1992 which says of the empty homes premium:

“(4) Where a determination under this section has effect in relation to a class of dwellings—

(a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.”

56 If Durham was to change its approach and take a policy decision not to award a class D discount for properties subject to the empty homes premium, this would appear to be able to be successfully defended if appealed at a Valuation Tribunal based upon this legislation.

57 Currently Durham has 17 properties that fall into discount class D. The potential premium charge that would be forgone by not applying the empty homes premium (at 100%) in these cases is as follows:

Band	Number of properties	Premium Charge forgone
A	11	£15,020.06
B	1	£1,588.77
C	2	£3,491.10
D	2	£3,830.13
E	1	£2,321.47
F		
G		
H		
Total	17	£26,251.53

Hardship Relief

58 Section 13A of the Local Government Finance Act 1992 as amended by section 76 of the Local Government Act 2003 provides the Billing Authority (Durham County Council) with the power to reduce or remit council tax where it is considered that “hardship” would otherwise be caused.

- 59 In order to be considered for the relief the Council must satisfy itself that there is evidence of financial hardship and personal circumstances that justifies a reduction in council tax liability.
- 60 Each application for hardship is considered on its merits with issues that will need to be considered on each occasion including:-
- All applications should be made in writing from the council tax payer, their advocate/appointee or a recognised third party acting on their behalf, using the relevant form and contain the necessary information.
 - All applications are only intended as short term assistance and will not extend beyond the current financial year, and should not be considered as a way of reducing council tax liability indefinitely.
 - Hardship relief or remission will be the exception and not the rule.
 - There must be evidence of hardship or personal circumstances that justifies a reduction in Council Tax Liability.
 - The Council must be satisfied that the customer has taken reasonable steps to resolve their situation prior to application.
 - The Council's finances allow for a reduction to be made and it is reasonable to do so in light of the impact on other council tax payers.
 - The council tax payer does not have access to other assets that could be realised and used to pay Council Tax.
 - All other eligible discounts/reliefs have been awarded to the council tax payer.
 - The liable person for a long term unoccupied domestic property has made their best efforts to sell or let the property and to levy a council tax charge would cause them exceptional financial hardship.
 - Has an appeal against the council tax band been made to the Valuation Office Agency, therefore an impact on charge/relief.
- 61 Reduced liability is only agreed to in exceptional circumstances. Instances where someone is in a situation not within these guidelines does not necessarily mean that they should be dismissed but should be

evaluated upon their own merits as there may be extenuation circumstances.

- 62 There have been no instances over the last five years of the Long term Empty Property Premium being withdrawn or remitted due to hardship, though there have been several instances where recovery of the premium has been deferred until completion of the sale of a property. This flexibility has proved beneficial in cases where the long term empty property an inherited dwelling, often in cases where the family member who originally resided in it originally had been admitted to residential or nursing care.

Consultation

- 63 On 10 July, 2019 Cabinet agreed to consult over a 12 week period (July 2019 and October 2019) on the implementation of these powers by amending its Long Term Empty Property Charges Policy.
- 64 This would allow the Council to set out its overall approach for reviewing its policy (as detailed in this report) and provide an opportunity to comment on the proposals and to highlight any potential implications on individuals and agencies of progressing with the proposals. The key elements will include:
- an online questionnaire;
 - a presentation to the Durham branch of the national Landlords Association and Durham Social Housing Group;
 - targeted correspondence to the key organisations that offer welfare advice in the County.
- 65 During this period, meetings will also be held with the major precepting authorities to seek their views on the proposals as well as attending the County Durham Association of Local Councils and targeted correspondence to each town and parish council.

Equality Impact Assessment

- 66 The Equality Act 2010 aims to advance equality of opportunity and provide protection from discrimination for people based on their 'protected characteristics'. We are legally required under the public sector equality duty (PSED) to have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;

- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between those who share a relevant protected characteristic and those who do not.

67 The PSED does not prevent public authorities making difficult decisions but we must ensure that the decision making process is fully informed by equality impacts and, where there is potential for negative impact, full consideration is given to mitigating actions and implementation of the final decision can be clearly justified.

68 An Equality Impact Assessment Screening has been completed as part of the development of the proposals contained in this report and is attached at Appendix 4. Initial screening indicates that there is no evidence of actual or potential impact on some/all of the protected characteristics.

Conclusions

69 Durham County Council currently charges a 50% empty homes premium on properties that have been unoccupied and unfurnished for 2 years or more.

70 From April 2019 councils have been given the power to charge a maximum of 100% empty homes premium on properties that have been unoccupied and unfurnished for 2 years or more.

71 From April 2020 councils will be able to charge a 200% premium on properties that have been unoccupied and unfurnished for 5 years or more.

72 The majority of properties in the County are in the lowest property band (Band A) and bringing these properties back into use should help to boost the supply of low cost housing.

73 The increased premium charge for those long term empty properties that were not brought back into use could also be the source of extra revenue to Durham County Council.

74 Durham County Council currently do not charge the empty homes premium on properties that have been unoccupied and unfurnished for 2 years or more but require or are undergoing major repair work to make them habitable (class D - maximum period 12 months).

- 75 Charging the empty homes premium on long term empty properties that require or are undergoing major repair work to make them habitable will potentially increase revenue.
- 76 There is a strong case for increasing the empty homes premium charge in line with the powers contained in The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018.
- 77 These powers would increase the incentive for the owners of long term empty properties to bring them back into use which should increase the supply of low cost accommodation available to buy/let and would be consistent with the Councils stated Housing and Homelessness Strategy objectives.

Background papers

- Local Government Finance Act 1992
- The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018

Other useful documents

- Local Council Tax Support Scheme, Review of Discretionary Council Tax Discount on Unoccupied Properties & Calculation of Council Tax Base 2013/14 – Report to Cabinet 19 December 2012

Contact: Andrew Hall Tel: 03000 263450

Maureen Clayton Tel: 03000 263194

Appendix 1: Implications

Legal Implications

The Local Government Finance Act 2012 amended the Local Government Finance Act of 1992 and gave councils in England power to increase Council Tax on properties which have been 'unoccupied and substantially unfurnished' for a period of two years or more by a maximum of 50%. This is known as the 'empty homes premium'.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which came into force on 30 November 2012 applies to the financial years beginning 1 April 2013 onwards and contains the rules which require the Council to calculate the Council Tax Base.

Part of the tax base calculation is the Councils policy in terms of any locally determined Council Tax discounts and premiums.

The Rating (Property in Common Occupation and Council Tax (Empty Dwellings) Act 2018 included provisions to increase the premium on properties that had been 'unoccupied and substantially unfurnished' for more than 2 years to 100% from 1 April 2019, and also incorporated the power to charge even higher premiums for properties which have been unoccupied and unfurnished for 5 years and 10 years from 1 April 2020.

Subsection 1A of Section 11B of LGFA 1992 amended the legislation to increase the maximum premium to 100% from 1 April 2019 (making the owner liable for a 200% Council Tax charge). Subsection 1B also incorporated provisions to charge a 200% premium on properties which have been unoccupied and unfurnished for 5 years or more from 1 April 2020 (making the owner liable for a 300% Council Tax charge) and a 300% premium on properties which have been unoccupied and unfurnished for 10 years or more from 1 April 2021 (making the owner liable for a 400% Council Tax charge).

Finance

If a 100% premium was charged on properties that have been unoccupied and unfurnished for between two and five years and a 200% premium was charged on properties that have been unoccupied and unfurnished for more than five years where properties are not brought back into use there is a potential further increase in Revenues to the Council (£1.83million if there was no reduction in the number of long term empty properties).

The Councils share of the Council Tax revenues generated is circa 80%, therefore the income attributable this would be circa £1.464million.

Consultation

Discussions have taken place with the County Durham Partnership Team and a 12-week web-based consultation is planned to be carried out between July 2019 and October 2019.

Equality and Diversity / Public Sector Equality Duty

The Equality Act 2010 aims to advance equality of opportunity and provide protection from discrimination for people based on their 'protected characteristics'. We are legally required under the public sector equality duty (PSED) to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between those who share a relevant protected characteristic and those who do not.

In relation to the empty property premium charge, this means that the Council needs to take account of the available data and broader evidence to actively consider how the charge might affect people who share a relevant protected characteristic and people who do not share it. The PSED does not prevent public authorities making difficult decisions but we must ensure that the decision-making process is fully informed by equality impacts and, where there is potential for negative impact, full consideration is given to mitigating actions and implementation of the final decision can be clearly justified.

Should the Council decide to implement the increased level of empty property premium from 2020/2021, there would be negative financial impact on the owners of these properties which remain unoccupied. In circumstances where the owners of long term empty properties are unable to sell or let them, this could lead to further debt and legal action to recover these debts. These impacts are unlikely to specifically impact in relation to health, wellbeing, gender, age, disability, race, sexual orientation, transgender status, religion or belief.

Human Rights

None

Crime and Disorder

Any increase in the level of empty property premium could have a positive effect if the desired outcome of bringing long term empty properties back into use is successful, with the potential for less properties standing empty

resulting in a reduction of vandalism and anti-social behaviour. However, where owners of long term empty properties feel forced into letting properties to avoid paying the premium this could result in property management problems where properties are let to unsuitable tenants

Staffing

None

Accommodation

None

Risk

The report outlines the potential increase in revenue from implementing the full powers to increase the empty homes premium charge from April 2020.

This is based upon the current number of properties classed as long term empty homes.

The purpose of the change in legislation however is to encourage the owners of these properties to bring them back into use and the success of this would result in a corresponding reduction in revenue. It is therefore difficult to accurately forecast the increase in revenue that could be achieved by charging a higher premium on long term empty properties.

Due to local factors some owners find it impossible to let properties as there is no demand.

The report shows that collecting accounts subject to the empty homes premium has proved to be more problematical than accounts not subject to it, with greater resistance from Council Tax payers and a lower in year collection rate.

Where owners of long term empty properties feel forced into letting properties to avoid paying the premium this could result in property management problems where properties are let to unsuitable tenants.

Where the owner of a property subject to the premium does not pay their Council Tax this could jeopardise any help that they could receive from Council in bringing the property back into use.

Procurement

None.

Disability Discrimination Act

See above.

Appendix 2:

Breakdown of Premium Charge according to postcode and Council Tax property band

Postcode area	Total Number of properties subject to LTE Premium	LTE Property Premium levied per Property Band (£)								
		A	B	C	D	E	F	G	H	Total
DH1	59	12,172	11,945	5,110	13,542	2,364	2,797			47,930
DH2	37	19,741	2,230	2,552			1,398			25,920
DH3	18	5,083	3,718	1,702		2,331		1,609		14,444
DH4	12	5,761		868	976		1,383			8,987
DH6	61	33,501	3,792	1,795	3,057	1,251				43,396
DH7	70	36,283	4,537	2,596	2,927	1,186		1,619		49,149
DH8	71	31,657	4,432	5,075	2,849	1,161		4,748	3,799	53,720
DH9	121	74,410	3,079	1,773	1,964	1,219				82,445
DL11	6		1,488	857	1,927		1,372			5,644
DL12	33	7,837	3,796	5,134	6,758	2,353	1,389			27,267
DL13	87	39,500	6,033	6,854	2,891	5,873	1,394	1,607		64,153
DL14	159	88,801	7,477	2,593	5,826	1,192	1,372			107,261
DL15	50	28,658	2,228	1,741						32,627
DL16	58	38,850	824	942	1,060					41,676
DL17	120	80,321	2,434		1,979				1,941	86,675
DL2	14	1,288	1,490	877	968	5,938	1,398	3,227		15,185
DL4	64	45,516		964						46,480

Postcode area	Total Number of properties subject to LTE Premium	LTE Property Premium levied per Property Band (£)								
		A	B	C	D	E	F	G	H	Total
DL5	33	19,296	2,501		2,144		1,416			25,357
NE16	3	633	739					1,583		2,955
NE17	0									
NE39	1						1,372			1,372
SR7	47	29,550	2,444	857		1,178				34,029
SR8	146	100,435	1,656	1,885	2,171	1,265			2,171	109,584
TS21	15	3,404	2,394	3,648	2,052	1,254				12,752
TS27	24	9,730	1,562	927	1,043	3,616		4,832		21,710
TS28	15	9,398	794							10,192
TS29	20	12,366			2,042					14,408
Grand Total	1,344	734,190	71,595	48,749	56,176	32,182	15,288	19,226	7,911	985,317

Appendix 3:

Breakdown of Premium Charge for properties that have been unoccupied and unfurnished for between 2 and 5 years and for over 5 years.

Empty for more than 2 years but less than 5 years			
Band	Number of properties	100% Premium	Additional Premium - 50%
A	630	855,576.48	427,788.24
B	50	76,468.42	38,234.21
C	33	57,518.80	28,759.40
D	32	62,766.18	31,383.09
E	16	37,937.82	18,968.91
F	5	13,822.66	6,911.33
G	7	22,495.84	11,247.92
Total	773	1,126,586.20	563,293.10

Empty for 5 years or more			
Band	Number of properties	200% Premium	Additional Premium - 150%
A	453	1,225,605.84	919,204.38
B	44	133,442.68	100,082.01
C	23	79,958.08	59,968.56
D	25	99,171.96	74,378.97
E	11	52,852.00	39,639.00
F	6	33,508.36	25,131.27
G	5	31,913.40	23,935.05
H	4	31,644.08	23,733.06
Total	571	1,688,096.40	1,266,072.30

Grand Total	1,344	2,814,682.60	1,829,365.40
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Appendix 4:

Durham County Council Equality Impact Assessment

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Financial Support Services
Lead Officer	Andrew Hall
Title	Review of the Council Tax Long Term Empty Premium Charges
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	10 July 2019
Start Date	17/05/2019
Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

To consider reviewing the Council's position in terms of Empty Homes Discounts and the policy of applying a 50% premium on properties which have been unoccupied and unfurnished for more than 2 years, where Councils now have the power to:

- (a) apply a maximum 100% premium on such properties (from April 2019) along with
- (b) the power to apply a maximum 200% premium on properties which have been unoccupied and unfurnished for more than 5 years (from April 2020).

Seek permission to consult on changing the council's policy of charging a 50% premium on long term empty homes from April 2020.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

- Social Landlords including RSL & private Landlords
- Individual Home Owners
- Council taxpayers
- Major Precepting Bodies (Police and Fire)
- Town & Parish Councils
- Organisations providing welfare advice and support

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	N	N
Disability	N	N
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N

Race (ethnicity)	N	N
Religion or Belief	N	N
Sex (gender)	N	N
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

There is potential for financial impact on some individuals and businesses where they will be required to pay more Council Tax on long term empty properties.

Circa 81% of people subject to the current 50% LTE premium are in the lowest council tax band (Band A) and are currently subject to an additional charge of circa £673 (2019/20). Changing the policy to levy a 100% LTE premium on those properties empty between 2 to 5 years on 1 April 2020 would increase the premium levied to £1,346 (based on 2019/20 council tax levels at Band A) and for those properties empty more than 5 years to £2,692

Approximately 29% of long term empty properties empty between 2 and 5 years are owned by landlords which rises to 31.2% for properties empty for more than 5 years.

There is very limited evidence available relating to personal characteristics of individuals subject to the LTE premium, so it is not possible to specify which equality groups are particularly affected.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

It will have a neutral effect on these.

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

There is very limited evidence available relating to personal characteristics of individuals subject to the LTE premium, so it is not possible to specify which equality groups are particularly affected.

A consultation process is proposed to commence on 15th July 2019.

The key elements will include:

- an online questionnaire;
- a presentation to the Durham branch of the national Landlords Association and Durham Social Housing Group;
- targeted correspondence to the key organisations that offer welfare advice in the County.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	N

No evidence of actual or potential impact on some/all of the protected characteristics?	Y
---	---

Sign Off

Lead officer sign off: Andrew Hall – Assessment & Awards Team Leader	Date: 17/05/2019
Service equality representative sign off:	Date:

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk

Housing Strategy and Council Tax Long Term Empty Premium Charges

Corporate Overview & Scrutiny
Management Board

13 September 2019

Paul Darby

Housing/Homeless Strategy

Aims of the Housing Strategy:

- Raising standards in the private rented sector.
- Meeting the housing needs of our older people.
- Bringing empty homes back into use where possible.
- Delivering affordable housing.
- Improving the quality of our existing housing stock and the wider residential environment.

Aims of the Homeless Strategy

- To prevent homelessness
- To increase the supply of accommodation available to assist homeless people
- To ensure the support services are available to help homeless people

Altogether better

Housing Need

- Circa 9000 on Social Housing Register (Durham Key Options)
 - Approx. 1600 excluded annually
- Almost 5000 presentation to Housing Solutions Annually
- Financial Assistance Policy (FAP) to give grants and loans to bring empty properties back into use
- DCC Empty Property Premium part of the strategy

Current Policy

- Implemented 1 April 2013
- Applies to Long Term Empty (2 years or more) Properties
- Must be unoccupied and unfurnished
- 50% Premium charged on these
- Average Band A Council Tax charge is £1,346 therefore Premium = £673, total Band A charge for a Long Term Empty Property = £2,019

Altogether better

Current Policy

- Starting Point = date the property is unoccupied
- Occupation doesn't change if ownership / liability changes
- Only a period of occupation of over 6 weeks (a person is registered as living there) 'resets the clock'
- £0.985million levied in 2019/20 (£0.788million relates to DCC)

Number of Long Term Empty Properties

- March 2013 – 2,007
- April 2019 – 1,364
- Reduction of 33% - properties brought back into use
- In line with the Housing and Long Term Empty Property Strategies

Altogether better



The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018

The Act aims to encourage the owners of long term empty homes to bring them back into use by enabling Councils to charge a higher premium from 1 April 2019

New Maximum Premium Charges Allowed

- 100% from April 2019 – applies to properties empty 2 years+
- Empty for more than 5 years (from 1 April 2020) – 200%
- Further powers expected from 1 April 2021- to charge 300% (Empty for more than 10 years)

Altogether better

Potential Impact in 2020/21

- If 100% Premium applied to those properties empty 2 to 5 years:
 - Premium would be £1,346 at Band A
 - Total Band A charge levied = £2,692
 - increase in charges levied would be c£0.985million
 - c£0.788million could be a MTFP saving to DCC

Potential Impact in 2020/21

- If 200% Premium applied to those properties empty for over 5 years
- Premium would be £2,692 at Band A
- Total Band A charge levied = £4,038
- Further increase in charges levied would be c£0.845million
- c£0.676million of these further charges could be a MTFP saving to DCC

Altogether better

Government Guidance

- ‘Not to penalise owners of property that is genuinely on the housing market for sale or rent’
- Local authorities encouraged to use their discretionary powers under Section 13A

Potential Issues

- Collection rate for long term empty properties
- Impact on owners of properties that cannot be sold/let
- Avoidance

Altogether better

Hardship Relief

- Section 13A of LGFA 1992 – the power to reduce or remit council tax
- The Council must be satisfied that there is evidence of financial hardship
- Each application considered on its own merits
- Exceptional circumstances
- Usual approach is to defer payment and place a charge on the property

Proposals

- Report considered by Cabinet in July – permission to consult on changes
- Consultation over 3 months – including online questionnaires, presentations to Landlord Associations, Durham Social Housing Group and targeted consultation with welfare advice services
- Further report back to Cabinet in December

Altogether better



Conclusions

If following consultation and Cabinet approval the Council could (from April 2020):

- Charge a 100% Premium on properties that have been unoccupied and unfurnished for between 2 and 5 years
- Charge a 200% premium on properties that have been unoccupied and unfurnished for more than 5 years or more

Key Dates

- Report to Cabinet in July outlining options and implications – permission to consult
- Consultation live from July 2019 – Oct 2019
- Report to Cabinet – Dec 2019 – decision point in terms of any changes
- New Policy implemented – April 2020
- Review of impacts – July 2021

QUESTIONS?

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**Corporate Overview and Scrutiny
Management Board**

13 September 2019

Smarter Working



Report of Corporate Management Team

Lorraine O'Donnell, Director of Transformation and Partnerships

Councillor Simon Henig, Leader of the Council and all Cabinet collectively

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This presentation provides an overview of Smarter Working which is a key element of the Council's Transformation Programme.

Recommendation

- 2 Corporate Overview and Scrutiny Management Board is recommended to note the contents of the presentation on Smarter Working.

Background

- 3 The Corporate Overview and Scrutiny Management Board agreed at their meeting on 21 June 2019, that the Council's Transformation Programme would continue to form an important part of their work programme for 2019/20.
- 4 This presentation sets out the work that is currently being undertaken to achieve the four objectives of Inspire, the Transformation Programme
 - Redesign our services to better meet the customer's needs at reduced cost to the Council;
 - Help communities become more resilient and self-reliant;

- To move our partnership working from good to great
- To become renowned for our skilled and flexible workforce and our employee engagement.

5 The presentation is attached at Appendix 1.

Contact: Andy Palmer

Tel: 03000 268551

Appendix 1: Implications

Legal Implications

The legal implications of any decisions required are being considered as part of the delivery of the Transformation Programme.

Finance

The delivery of the Smarter Working seeks to support greater productivity and efficiency of staff time.

Consultation

Customer consultation and comprehensive staff engagement are fundamental elements in the Transformation Programme.

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment (EIA) has been undertaken for the Smarter Working project as part of the decision-making process prior to the proposal being implemented.

Human Rights

N/A.

Crime and Disorder

N/A.

Staffing

Where the proposals affect staff, full consultation is undertaken and the trade unions consulted. Wherever possible, staff reductions are done through voluntary means. In addition, there has been a proactive management of vacancies to lessen the impact on staff and the Council has a redeployment process which continues to find alternative employment for a number of staff.

Accommodation

As proposals are planned the impact on accommodation is ascertained, with staff being consulted on any moves as part of the process. The loss of over 2,800 posts from the Authority will mean a requirement for less accommodation and the Office Accommodation Team has built this into the Office Accommodation Strategy.

Risk

The delivery of the Transformation Programme is one of the Council's key strategic risks and is monitored through the corporate risk management process. In addition, risks for individual proposals are being monitored through the work undertaken to deliver the proposal.

Procurement

A number of the proposals in the Transformation programme involve the changing of existing contracts and this work is being taken forward through the Council's agreed procurement processes.



COSMB Smarter Working

Delivered by



Contents

- Transformation Objectives
- Strategic Sites
- Cultural change
- Smarter Working
- Digital tools
- Mobile and Flexible Workforce

Transformation Outcomes



To redesign our services from the outside in, meeting customer needs at a reduced cost to the Council



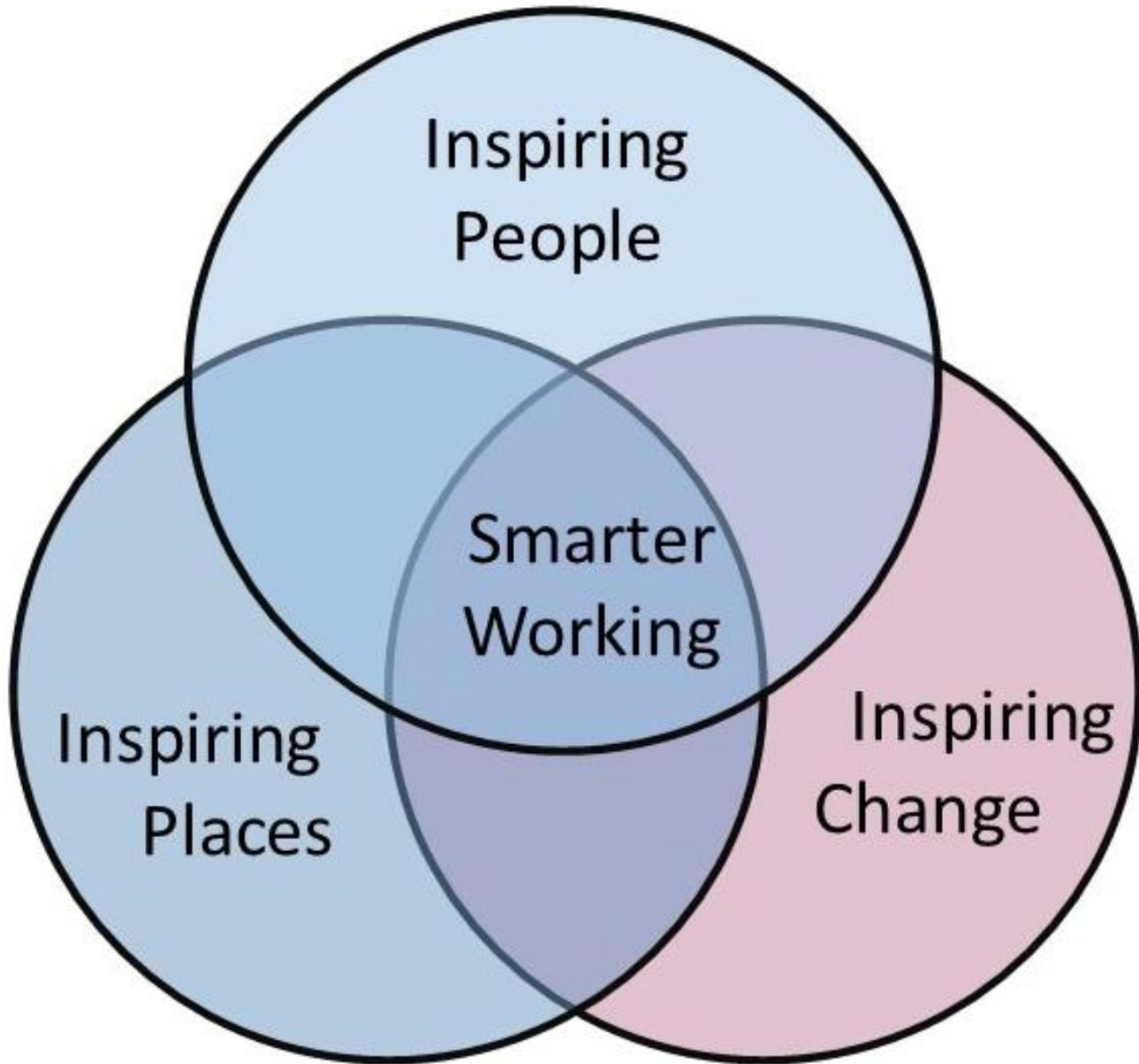
To help our communities to be resilient and self-reliant



To move our partnerships from good to great



To become renowned for our skilled and flexible workforce and our employee engagement.



A photograph of a modern office interior. In the foreground, a white circular overlay is positioned on the right side, containing the text "Inspiring Places" in a bold, black, sans-serif font. Below the text is a short horizontal line. The background shows a bright, open-plan office space with a light-colored floor, several purple chairs, and a whiteboard. The ceiling is equipped with recessed lighting. On the left side of the image, there is a white cabinet with a sink and a green wall-mounted device.

Inspiring Places

Key features

- Developing a smaller, more efficient HQ in Durham City
- Redevelopment of Aykley Heads for jobs and investment
- Relocate approximately 800 staff from the HQ and other supporting sites into our strategic sites
- Consolidate the Council's property portfolio
- Reduced Desk ratios, common standard of 7:10
- Refurbishment works of four strategic sites: Crook, Green Lane, Seaham Spectrum 8, and Meadowfield Depot
- Smarter Working and Cultural Change by design

12 elements of workplace design

1 Da Daylight	2 Co Connectivity			
3 Sp Space	4 Ch Choice	5 In Influence	6 Cn Control	7 Re Refresh
8 Se Sense	9 Cf Comfort	10 Ic Inclusion	11 Wa Wash	12 St Storage

A productive workplace enables people and teams to perform at their best by being:

Healthy – supporting and improving individual wellbeing at work

- A safe and secure environment
- Active design features that encourage movement
- Ergonomic furniture supporting a range of work styles
- Comfortable light levels with access to natural light
- Connection with nature through natural materials, views, green spaces and artwork
- Optimum indoor air quality and temperature range
- A clean and tidy environment
- Access to good nutrition and hydration

Efficient – making good use of space, time and information

- Efficient access, entry, exit and navigation
- Minimal time spent looking for spaces, people, information or services
- Optimum use of available space through ongoing review of performance and utilisation
- High levels of service with responsive and effective day-to-day and strategic management

Effective – enabling people to do their work well

- A variety of spaces match the work styles of the building's users
- Sufficient quality space for concentration and contemplation
- Spaces for planned and incidental communication and collaboration
- Shared amenity areas and events support ad hoc working, recharging and collaborating
- Technology and other resources enable flexible access to, and sharing of, information
- Appropriate choice in the selection of the right place and conditions in which to work
- Acoustic and visual control enables effective use of each workspace

Engaging – a desirable destination that looks and feels like a great place to work

- A high-quality people-centric experience through design, space, technology and services
- Supports a sense of belonging and community
- Reflects the corporate brand, culture and values
- Supports life at work with amenities, services and conveniences

Design considerations Workplace Activity

The environment needs to support what you do

- Individual focused work (desk based)
- Planned meetings
- Telephone conversations
- Informal – unplanned meetings
- Collaborating focused work
- Reading
- Individual / routine tasks
- Business Confidential discussions
- Hosting visitors / clients / customers



Workplace Activity (cont)

The environment needs to support what you do

- Learning from others
- Audio conferences
- Spreading out papers / plans / materials
- Collaborating on creative work
- Private conversations
- Large group meetings or audiences
- Individually focused work away from your desk
- Video conferences
- Using technical / specialist equipment / materials
- Thinking / creative time
- Informal / social interaction
- Relaxing / taking a break

Strategic Sites - Timetable

- Crook
 - Completed
- Spennymoor Green Lane
 - Phase 1 completed,
 - Phase 2 due for completion 15th September,
 - Phase 3 due for completion May 2020,
 - Full building due for completion estimated October 2020
- Spectrum
 - Feasibility study underway – due for completion 30/09/19, followed by minor alterations
- Meadowfield
 - Feasibility study completed – options being explored



Crook Civic Centre

- The refurbishment of Crook provided 260 workstations and a capacity at April 2018 of 391 FTE.
- The Inspire Programme Team have completed a review of desk sharing ratios across the teams in Crook.
- As a result of the review, design capacity has been increased and at June 2019 occupancy was at 418 FTE with 29 spare workstations.
- All employees moving in to Crook are being prepared for smarter working.



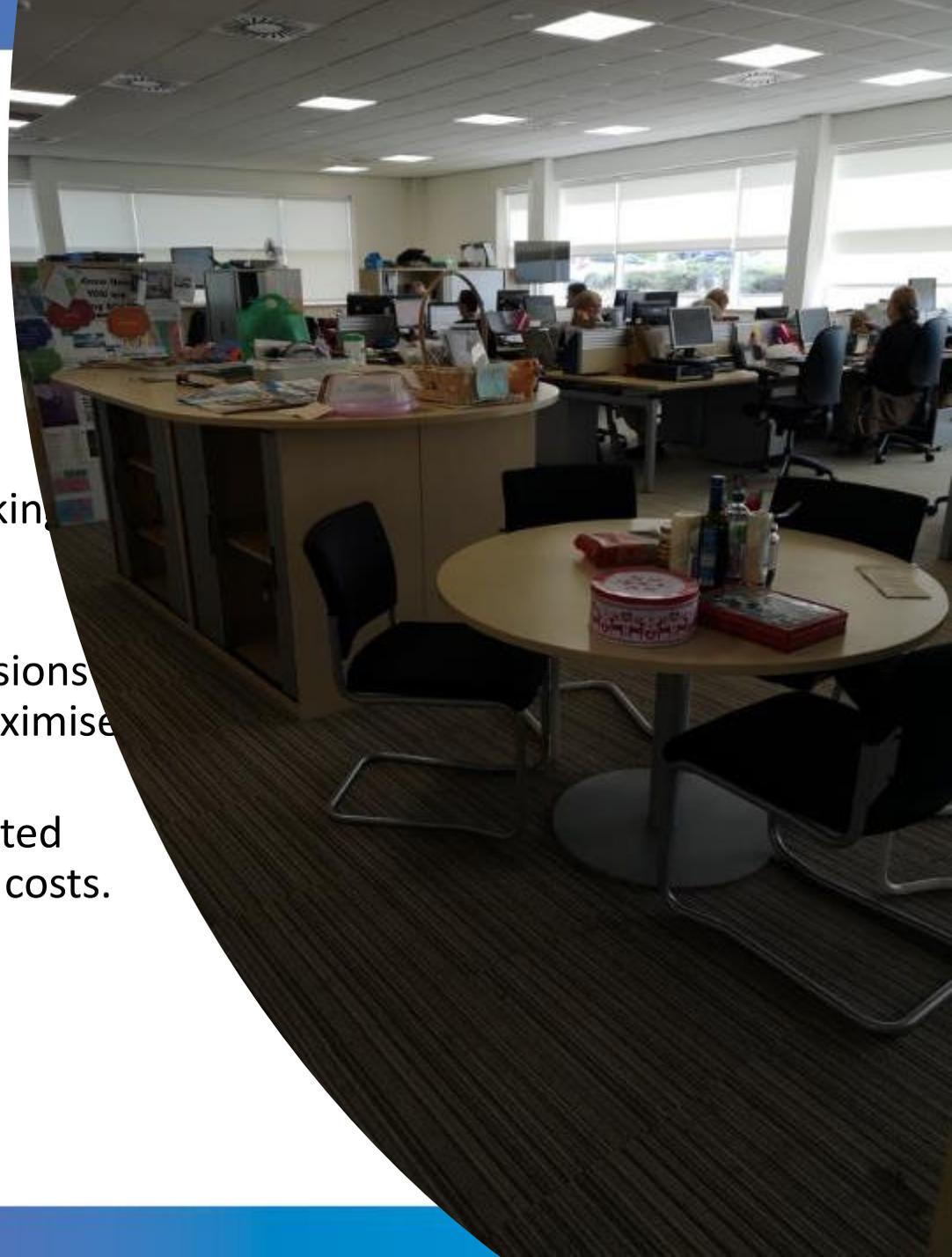
Green Lane

- Refurbishment works on site, being undertaken in five phases – due for completion October 2020.
- Phase 1 complete and employees have moved in and are enjoying their new working environment. Minor improvements to be made to the next phase to further enhance the overall scheme.
- Phase 2 underway – due for completion September 2019.
- Value Engineering is being undertaken at Green Lane to keep the scheme within existing budget.
- Outdoor area to be developed as a well-being garden with involvement from employee volunteers – no budget.



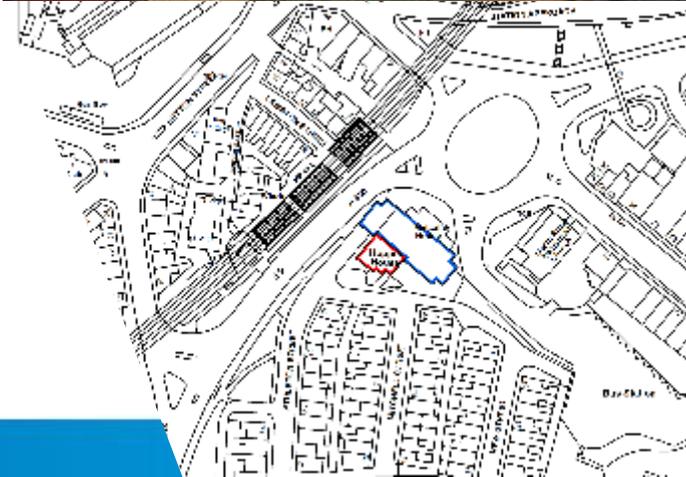
Seaham Spectrum 8

- Leased building, currently open plan.
- Minimal works to be undertaken.
- Works comprise mainly of: Room booking system, lockers, replacement of ICT equipment.
- Smarter working and engagement sessions with employees required to detox, maximise use of ICT and improving.
- Rationalising ICT set up for the Integrated teams – saving £6,000 in replacement costs.
- Utilise the space more efficiently.
- Global desk ratio 5:10.



Meadowfield

- Current scheme for the refurbishment of Meadowfield Depot is being reviewed as part of the programme
- Smarter working and reduced desk ratios to be introduced to office based accommodation at the front of the building
- Team profiling started with existing teams to ascertain extend to works required



HQ

- Enabling works – August 2019
- Construction start on site – September 2019
- Construction anticipated completion – September 2021
- Smarter working and cultural workshops booked in with management teams between September – December 2019
- Team Agreements to be drafted in the New Year



Culture

Example of Exercise

2



REALITY – BASE-LINE OF CURRENT MEASUREMENTS, HOW MUCH TIME DO WE CURRENTLY SPEND IN MEETINGS, DO THEY HAVE CLEAR OUTCOMES, HOW ARE OUTCOMES SET ACROSS THE SERVICE – HOW MANY DO WE HAVE

3



RESPONSE – LIST OF ACTIONS OF HOW TO GET FROM CURRENT STATE REALITY TO FUTURE STATE RESULTS E.G. REVIEW PROCESS X BY DATE, DETOX ALL PAPER DOCUMENTS BY DATE, UPSKILL TEAM TO MAXIMISE BENEFITS FROM MOBILE TECHNOLOGY BY DATE, PREPARE TEAM AGREEMENT

1



RESULTS – HOW DO YOU WANT TO WORK DIFFERENTLY IN THE FUTURE, WHAT ARE YOU GOING TO STOP, START AND CONTINUE DOING –

- *LESS MEETINGS
- *MORE AGILE / RESPONSIVE TO CHANGE AND MARKET CONDITIONS
- *MORE OUTCOME FOCUSED
- *LEANER PROCESSES

Team Agreements Example

Team Agreement



- 1. What we agree about providing our services (both internal and external)**
 - We will always choose the most appropriate place to work, ensuring that we meet the needs of the business and finally our individual needs.
 - We recognise that some teams need to provide cover and we will work together to ensure the teams know who, where and when this is provided.
 - We will treat working flexibly the same as working from the office to ensure seamless service, for example, we will not say to customers or colleagues a team member is working from home.
 - We will ensure that our **work** phones have been transferred to our mobile phones, so that we are always contactable.
- 2. How we will work flexibly**
 - We will take our laptop home to ensure business continuity at all times.
 - We will utilise the necessary tools and technology to enable flexible working.
 - The behaviour of our team will be helpful, professional and supportive to our customers.
- 3. What we agree about our working environment**
 - We accept that we do not 'own' a desk and agree to clear and clean our work area at the end of each day or if we are going to be away for more than two hours.
 - We each take responsibility for the way we use the workspace, respect others who are also using it, for example, quiet spaces and comply with confidentiality requirements at all times.
 - We will share workspaces (desks, meeting rooms, quiet rooms, break out spaces) to encourage collaboration, integration and sharing of good practice.
 - Where we are having private/confidential phone calls/discussions these will be held in an appropriate place.
 - We will use valuable resources as effectively and responsibly as possible (colleagues' time, use of meeting rooms and other office space, or keeping our equipment and information secure and safe).
- 4. What we agree about keeping in touch**
 - We will cascade information to staff working away from the office.
 - We will contact the office if absent due to ill health.
 - We will keep up to date with news and information (e.g. Team OneNotes, discussion board etc.)
 - We will be supported with regular 1:1s, team meetings, feedback and be part of a team.
 - We will agree with managers in advance of working from an alternative location.
 - We will each have an open outlook calendar, which is kept up to date, showing our places of work, including appointments and site visits.
 - We will attend regular team meetings and get together with colleagues at least once a month.
 - We will get together informally with colleagues at least once each fortnight at an agreed time to ask questions and 'bounce' ideas off each other (huddle).
 - We will use Skype and other technology to keep in touch with our colleagues, and ensure our skype status is updated during the day.
- 5. What we agree about trust and empowerment across the team**
 - Managers will 'manage by outcomes' (consider managing flexible workers by outcomes training).
 - We trust staff to carry out their work, wherever they are working from.
 - We trust managers to treat everyone fairly.
- 6. Health and Wellbeing**
 - Consider lone working dependent upon role and type of visit.
 - Consider DSE when working in different environments.
 - Consider breaks so people are entitled to at least half an hour lunch. This is an important part of the day and we would expect people to eat lunch away from their desk, e.g. take the opportunity to go for a walk or to the canteen.

Flexibility

Options

Empowerment

Wellbeing

Healthy

Clean / tidy

Productive

Motivated

Work/life balance

Connected

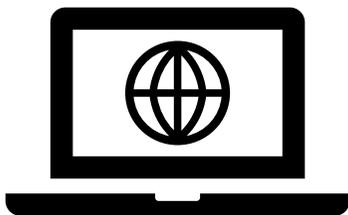
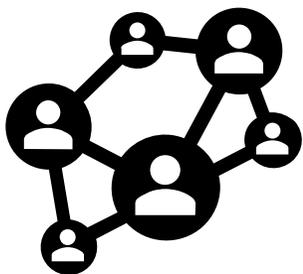
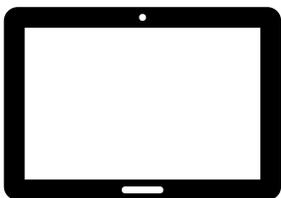
Work is something you do, not somewhere you go

Knowledge sharing

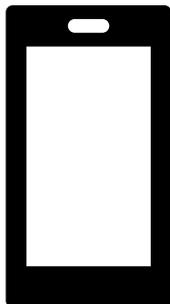
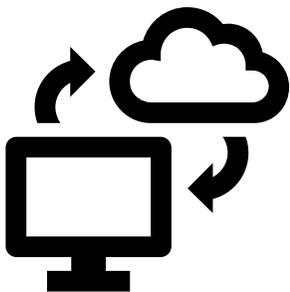
Collaboration

Inviting

Innovation



Digital upskilling



Smarter working toolkit

Currently available:

- Liquid Logic
- Skype for business & Instant messaging
- Sharepoint
- Outlook
- Electronic signature
- OneNote (individual and team)
- Solstice
- Conference calls
- Team agreements
- Culture workshops
- Fortigate boxes

Coming up:

- Azeus
- Unified comms
- Office 365:
 - Teams
 - Planner
 - Microsoft forms
 - Team calendar



Inspiring Change



Business Process Reviews

Lean Six Sigma: DMAIC



DEFINE

Define the problem.



MEASURE

Map out the current process.



ANALYZE

Identify the cause of the problem.



IMPROVE

Implement and verify the solution.



CONTROL

Maintain the solution.

Mobile and Flexible Workforce

- 989 employees have been personally supported/digital up-skilled.
- 88.08% of employees now access their payslips on line via ResourceLink (and 41.57% of DCC members).
- Social Workers are testing the mobile solution for Liquid Logic, Social Workers will be able to mobile work, reducing the need to come back to base as often and increasing their time with clients.
- Mobile Wardens using hand held data sharing devices
- 95% of County Hall store rooms RAG rated green or amber in preparation to move out with many documents scanned or moved to Box-it.
- Over 14,000 boxes of documents are securely stored offsite at Box-it.
- Over 80 hot desks available for staff to work for short stays in other offices.
- 102 staff attended One Council Approach training enabling them to review, simplify and transform business process.
- HR policies and guidance have been reviewed to support employees working more flexibly.



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**Corporate Overview and
Scrutiny Management Board**



13 September 2019

Notice of Key Decisions

Report of Corporate Management Team

Helen Lynch, Head of Legal and Democratic Services

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To consider the list of key decisions that is scheduled to be considered by the Executive.

Recommendation(s)

- 2 You are recommended to give consideration to items listed in the notice.

Background

- 3 New rules in relation to Executive decisions were introduced by The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, which came into force on 10 September 2012.
- 4 The regulations took away the requirement for the Executive to produce a Forward Plan of key decisions, however introduced that the decision maker cannot make a key decision unless a document has been published at least 28 clear days before the decision is taken, unless either a general exception or special urgency requirements have been met. The document which has to be published must state:
 - a) that the key decision is to be made on behalf of the relevant local authority
 - b) the matter in respect of which the decision is to be made

- c) where the decision maker is an individual, that individual's name and title if any and where the decision maker is a decision making body, its name and list of its members
 - d) the date on which or the period within which the decision is to be made
 - e) a list of the document submitted to the decision maker for consideration in relation to the matter of which the key decision is to be made
 - f) the address from which, subject to any prohibition or restriction on their disclosure copies of, or extracts from any document listed as available
 - g) that other documents relevant to those matters may be submitted to the decision maker
 - h) the procedure for requesting details of those documents (if any) as they become available.
- 5 The requirements also apply to an exempt matter as previously it did not strictly have to be included in the Forward Plan. Now a publicity document must contain particulars of the matter, but may not contain any confidential exempt information or particulars of the adviser or political adviser or assistant.
- 6 Notices of key decisions that are being produced meet the legal requirements of publication, as well as continuing to provide information for a four month period. Members will therefore be able to consider key decisions as previously for the four month period.

Current Notice of Key Decisions

- 7 The notice of key decisions that is attached to the report at Appendix 2, is the latest to be published prior to the papers for the Board being dispatched to members. The notice complies with the requirements for Cabinet to be able to take key decisions at the meeting on 11 September 2019. It also contained information on those key decisions that are currently scheduled to be considered by the Executive up to 31 December 2019.

Contact:	Ros Layfield	Tel: 03000 269708
	Jenny Haworth	Tel: 03000 268071

Appendix 1: Implications

Legal Implications

Will be reflected in each individual key decision report to Cabinet. To publish the notice of key decisions in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Finance

Will be reflected in each individual key decision report to Cabinet.

Consultation

Will be reflected in each individual key decision report to Cabinet.

Equality and Diversity / Public Sector Equality Duty

Will be reflected in each individual key decision report to Cabinet.

Human Rights

Will be reflected in each individual key decision report to Cabinet.

Crime and Disorder

Will be reflected in each individual key decision report to Cabinet.

Staffing

Will be reflected in each individual key decision report to Cabinet.

Accommodation

Will be reflected in each individual key decision report to Cabinet.

Risk

Will be reflected in each individual key decision report to Cabinet.

Procurement

Will be reflected in each individual key decision report to Cabinet.

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SECTION ONE - CORPORATE

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Overview and Scrutiny involvement
CORP/T&P/19/01	11/09/19 Cabinet 23/10/19 Council (Note: the final decision will be at Council as per Constitution)	To agree the draft County Durham Vision.	Emerging findings document https://www.durham.gov.uk/media/26553/Durham-2030-a-vision-for-our-future/pdf/Durham2030-AVisionForOurFuture.pdf?m=636789245733670000 Public consultation http://www.durham.gov.uk/vision	Councillor Simon Henig	Residents and local stakeholder organisations	Jenny Haworth Tel: 03000 268071	Corporate Overview and Scrutiny Management Board (COSMB) held a workshop for all overview and scrutiny members in January 2019 to consider emerging findings for the new County Durham Vision. As part of the final third phase of the consultation process the proposed new County Durham Vision was presented to COSMB at a special meeting on 23 July 2019. All overview and scrutiny members were invited to the special meeting.

SECTION TWO - CHILDREN AND YOUNG PEOPLE'S SERVICES

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information
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SECTION THREE - ADULT AND HEALTH SERVICES

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information
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Regeneration & Local Services Item 10 8 Sept to Dec 2019 .xls

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Ref No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Overview and Scrutiny involvement
ReaL/04/19	TBC	Bowes Museum Update		Cabinet Portfolio Holder for Strategic Housing and Assets		Steve Howell, Head of Culture, Sport & Tourism Tel 03000 264550	
ReaL/05/19	16/10/19	Selective Licensing Business Case		Cabinet Portfolio Holder for Strategic Housing and Assets		Lynn Hall, Strategic Manager for Housing Tel 03000 265728	The Economy and Enterprise OSC has previously received an overview of the proposed Selective Licensing Scheme and as part of its future work programme for 2019/20 has included future progress updates on the development of the scheme. In addition, an opportunity will be provided for Overview and Scrutiny members to feed comments into the consultation on the proposed scheme once the consultation period is confirmed.
ReaL/07/19	11/09/19	New Development Merchant Park		Cabinet Portfolio Holder for Finance, Economic Regeneration and Strategic Housing and Assets		Peter McDowell, Business Property Director, 03000 265506	Included in the Economy and Enterprise OSC work programme for 2019/2020 is an overview of strategic employment sites in the county which will include detail of the Merchant Park site.

Regeneration & Local Services Item 10 8 Sept to Dec 2019 .xls

ReaL/08/19	16/10/19	Habitats Regulations Assessment Developer guidance and Requirements in County Durham		Cabinet Portfolio Holder for Economic Regeneration		Stuart Timmiss, Head of Development & Housing Tel 03000 267334 Oliver Sherratt, Head of Environment, Tel 03000 269259	
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**Corporate Overview and Scrutiny
Management Board**

13 September 2019



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

**Report of Lorraine O'Donnell, Director of Transformation and
Partnerships**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To present to members an information update of overview and scrutiny activity from 21 June 2019 – September 2019.

Executive summary

- 2 It was previously agreed that a written report of chairs' updates would be presented for information only to all Corporate Overview and Scrutiny Management Boards.
- 3 This update covers the time period from 21 June 2019 – September 2019.

Recommendation(s)

- 4 Members are invited to receive the report and note the information.

Background

- 5 Members of the Corporate Overview and Scrutiny Management Board (COSMB) are encouraged to get involved in any area of overview and scrutiny activity via thematic committees and talk to scrutiny committee chairs and overview and scrutiny officers on areas of project and overview activity.

Corporate Overview and Scrutiny Management Board (COSMB)

Update on Previous Reviews	There are no systematic reviews to report on for this period.
Scrutiny Review Activity	No scrutiny review activity currently identified.
Overview reports/ Presentations	<p>COSMB on 21 June 2019 received reports on:</p> <ul style="list-style-type: none"> • Q4 2018/19 Council's use of powers under RIPA 2000 Act • Q4 2018/19 Performance Management • Overview & Scrutiny Annual Report • Work programme 2019/20 • Petitions • Notice of key decisions • Chairs Update <p>Special COSMB on 23 July 2019 received reports on:</p> <ul style="list-style-type: none"> • A Vision for County Durham 2035 • Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities • County Durham Partnership update • Q4 2018/19 Customer Feedback

Adults, Wellbeing and Health Overview and Scrutiny Committee (AWH OSC)

Update on Previous Reviews	There are no systematic reviews to report on for this period.
Scrutiny Review Activity	<p>A Review of GP Services across County Durham is being undertaken with a working group meeting held on 25 June 2019.</p> <p>25 June 2019</p> <p>The Working Group received a report from the NEAS NHS FT 111 Service and the Regional Director of Services Lead – North East, North East & Cumbria Urgent Care Network, North of England Commissioning Support on the role of NHS 111 in accessing health appointments.</p>

<p>Overview reports/ Presentations</p>	<p>AWH OSC on 4 July 2019 received reports and presentations on:</p> <ul style="list-style-type: none"> • Skerne Medical Group • Path to Excellence Programme Phase 2 • County Durham Oral Health Strategy update • Adults and Health Services update • Q4 2018/19 Performance Management • NHS Quality Accounts 2018/19 – AWH OSC responses • Refresh of the work programme 2019/20 <p>A special AWH OSC on 30 July 2019 received a report and presentation on:</p> <ul style="list-style-type: none"> • Clinical Commissioning Group merger proposal <p>AWH OSC on 6 September 2019 received reports and presentations on:</p> <ul style="list-style-type: none"> • Future of Ward 6, Bishop Auckland Hospital • Review of Stroke Rehabilitation Services in County Durham County Council • Crisis Service Improvements • Right Care, Right Place Programme • Peterlee Urgent Treatment Centre • Path to Excellence Phase 2
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Children and Young People’s Overview and Scrutiny Committee (CYP OSC)

<p>Update on Previous Reviews</p>	<p>There are no systematic reviews to report for this period.</p>
<p>Scrutiny Review Activity</p>	<p>A review of Private Children’s Residential Care Homes is being undertaken jointly with Safer Stronger Communities OSC.</p> <p>The Review Group have agreed their key findings and recommendations and work is continuing on developing a report.</p> <p>A review of Elective Home Education was agreed, the first meeting of the review group will be held on 11 September.</p>
<p>Overview reports/ Presentations</p>	<p>The Children and Young People’s OSC on 1 July 2019 received reports and presentations on:</p>

	<ul style="list-style-type: none"> • Durham Safeguarding Children Partnership Arrangements • County Durham Health and Wellbeing System Plan 2019/20 – Part B Children • Q4 2018/19 Performance Management • Scoping report: Elective Home Education • Refresh of the work programme • Update on Review of Children’s Residential Care Homes
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Economy and Enterprise Overview and Scrutiny Committee (E&E OSC)

Update on Previous Reviews	There are no systematic reviews to report on for this period.
Scrutiny Review Activity	No scrutiny review activity currently identified.
Overview reports/ Presentations	<p>The Economy and Enterprise OSC on 27 June 2019 received reports and presentations on:</p> <ul style="list-style-type: none"> • County Durham Economic Partnership • Q4 2018/19 Performance Management • Refresh of the Work Programme • Minutes of the County Durham Economic Partnership <p>The meeting was followed by an awareness session for all Overview and Scrutiny members and the relevant Cabinet Portfolio Holders on the retail performance of County Durham Town Centre’s and the Town Centre Survey 2018.</p>

Environment and Sustainable Communities Overview and Scrutiny Committee (E&S OSC)

Update on Previous Reviews	There are no systematic reviews to report for this period.
Scrutiny Review Activity	Review of DCC’s future allotment policy – The review group met on the 22 July 2019 and agreed the key findings and possible recommendations. Work is continuing on the draft report.

Overview reports/ Presentations	The Environment and Sustainable Communities OSC on 12 July 2019 received reports and presentations on: <ul style="list-style-type: none"> • Strategic Cycling and Walking Delivery Plan • Q4 2018/19 Performance management • Refresh of the Work Programme • County Durham Environment Partnership Board minutes
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Safer and Stronger Communities Overview and Scrutiny Committee (SSC OSC)

Update on Previous Reviews	There are no systematic reviews to report on for this period. Cybercrime – members were invited to attend the launch of a video presentation titled ‘HACK’ that had been produced by students from New College Durham to raise awareness of the potential consequences of young people engaging in cybercrime. The video was a recommendation to be considered following the Committee’s review.
Scrutiny Review Activity	A review of Private Residential Children’s Homes is being undertaken jointly with Children and Young Peoples OSC (see CYP OSC for further details).
Overview reports/ Presentations	SSC OSC on 24 June 2019 received reports and presentations on: <ul style="list-style-type: none"> • Arson and Deliberate Secondary Fires in East Durham • Domestic Abuse and Sexual Violence • Q4 2018/19 Performance Management • Work Programme review • Updates on Police & Crime Panel

Performance/Budget/Work Programme Reporting

- 6 Information on both performance and outturn reports continue to be received and commented upon.

Regional Scrutiny

- 7 Meetings of the NECA Overview and Scrutiny Committee and the NECA & North of Tyne CA Joint Transport Committee Overview and Scrutiny Committee were held on 18 July 2019.

- 8 The NECA Overview and Scrutiny Committee received reports and presentations on:
- Thematic Lead update report
 - NECA Forward Plan and Scrutiny Work Programme
- 9 The NECA & North of Tyne CA Joint Transport Committee Overview and Scrutiny Committee received reports and presentations on:
- Williams Rail Review
 - Joint Transport Committee Forward Plan and Scrutiny Work Programme
 - Tyne Tunnels update

Conclusion

- 9 This report contains the key issues considered by the Overview and Scrutiny Committees for the period 21 June 2019 – September 2019 and is provided for members information only.

Contact: Jenny Haworth

Tel: 03000 268071

Appendix 1: Implications

Legal Implications

N/A.

Finance

N/A.

Consultation

N/A.

Equality and Diversity / Public Sector Equality Duty

N/A.

Human Rights

N/A.

Crime and Disorder

N/A.

Staffing

N/A.

Accommodation

N/A.

Risk

N/A.

Procurement

N/A.

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