



Cabinet

Date **Wednesday 8 July 2020**
Time **9.30 am**
Venue **Remote Meeting - This meeting is being held
remotely via Microsoft Teams**

Business

Part A

Items which are open to the public and press

1. Public Questions
2. Minutes of the meeting held on Friday 5 June 2020 (Pages 3 -10)
3. Declarations of interest

Key Decisions:

4. Proposal to Close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020 - Report of Corporate Director of Children and Young People's Services [Key Decision: CYPS/06/2020] (Pages 11 -28)
5. St Bede's RC Comprehensive Peterlee - Joint Report of Corporate Director of Children and Young People's Services and Corporate Director of Resources [Key Decision: CYPS/08/2020] (Pages 29 - 42)

Ordinary Decisions:

6. Overview and Scrutiny Review of Elective Home Education in County Durham - Report of Corporate Director of Resources (Pages 43 - 94)
7. High Needs Block Funding for SEND and Inclusion Support - Joint Report of Corporate Director of Children and Young People's Services and Corporate Director of Resources (Pages 95 - 116)
8. Inspection of SEND Services - Report of Corporate Director of Children and Young People's Services (Pages 117 - 132)

9. Discharge of Transport Functions by Durham County Council 2020 - Report of Corporate Director of Regeneration, Economy and Growth (Pages 133 - 176)
10. 2019/20 Final Outturn for the General Fund and Collection Fund - Report of Corporate Director of Resources (Pages 177 - 216)
11. The Impact of Covid-19 on Local Bus Services in County Durham - Report of Corporate Director of Regeneration, Economy and Growth (Pages 217 - 226)
12. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.
13. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

14. Residual Waste Treatment: Energy Recovery Facility project update - Joint Report of Corporate Director of Neighbourhoods and Climate Change and Corporate Director of Resources (Pages 227 - 238)
15. 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
30 June 2020

To: **The Members of the Cabinet**

Councillors S Henig and A Napier (Leader and Deputy Leader of the Council) together with Councillors J Allen, O Gunn, L Hovvells, C Marshall, A Patterson, K Shaw, B Stephens and A Surtees

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DURHAM COUNTY COUNCIL

CABINET

At a remote meeting of the **Cabinet** held on **Friday 5 June 2020** at **10.00 am**

Present:

Councillor S Henig (Leader of the Council) in the Chair

Cabinet Members

Councillors J Allen, O Gunn, L Hovvels, C Marshall, A Napier, A Patterson, K Shaw, B Stephens and A Surtees

Prior to the commencement of business, Councillor Simon Henig, Leader of the Council, welcomed attendees to the Council's first remote Cabinet meeting.

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 18 March 2020 were confirmed as a correct record and would be signed by the Chair.

3 Declarations of interest

There were no declarations of interest.

4 COVID-19 planning and response

The Cabinet considered a report of the Corporate Management Team which provided a summary of the actions the council had taken, working with partners, to respond to the COVID-19 pandemic and the framework for recovery planning (for copy see file of minutes).

In introducing the report, Terry Collins, Chief Executive, stated that information contained therein dated from the 26 and 27 May, therefore, some of the information may have been superseded. The Chief Executive provided a detailed overview of the report, highlighting a number of the key actions taken by the council in response to the pandemic.

He extended his personal thanks to staff for their flexibility and positive attitude, despite the pace of change. He also thanked partners, including Durham Constabulary, the County Durham Fire and Rescue Service, CCGs, NHS trusts, Durham University, trade unions, educational establishments, AAPs, community groups and all organisations and individuals who had helped and supported the council throughout the emergency. The Chief Executive also thanked elected members for their support and guidance throughout the challenging time.

The Chief Executive expressed his gratitude to the community of County Durham, recognising the many messages of support received by frontline teams and he commented that the patience and support of the community had been greatly appreciated. The Corporate Director of Adult and Health Services, Jane Robinson, presented the report in depth.

In moving the report and recommendations, the Chair said his thoughts were with all those who had lost family and friends to this terrible virus. He expressed his gratitude to all staff for their hard work and paid tribute to the large number of community groups and volunteers, as well as front-line staff across all organisations.

In seconding the report, Councillor Alan Napier, Deputy Leader and Cabinet Portfolio Holder for Finance, extended his condolences to those families who had lost loved ones. He placed on record his thanks to communities across County Durham who had come together with the council to provide support, including local businesses, who had played their part to minimise the impact of COVID-19.

Councillor Napier referred to the business grant scheme and the work undertaken with businesses to assist them to submit grant applications. He was pleased to report that Durham County Council was one of the first local authorities in the country to deliver the grants and he reported that the council had also processed reductions in business rate liabilities for over 2,000 businesses. He thanked the staff for their exceptional work.

Councillor Napier commented that lobbying of government had taken place, to gain further support for businesses unable to access the initial business grant funding, and, the scheme had been extended to assist more businesses. He added that government lobbying will continue, to request that unallocated grant funds be used to support businesses throughout the county.

Referring to the revenue funding made available to the council from the government, Councillor Napier explained that this amounted to £33.2 million, however, whilst the first allocation of funding was based on need, the second allocation of funding was based on population, which had reduced the county's allocation by 22%. Estimated costs and lost income was £50 million, producing a shortfall of approximately £17 million.

Councillor Napier expressed his view that resources should be allocated according to need, adding that government had been lobbied, to set out the requirement to fully fund the council's COVID-19 pressures and to request that future funding be allocated, based on need. He concluded his comments by calling on the government to ensure local authorities are properly funded to aid recovery.

Councillor Lucy Hovvels, Cabinet Portfolio Holder for Adult and Health Services, passed on her sincere condolences to all those who had lost loved ones. Throughout the pandemic, a key priority had been to protect the most vulnerable residents and she thanked all care staff and front line workers for their incredible work in extremely challenging circumstances.

Councillor Hovvels explained that the council had put in place a comprehensive range of financial and practical support to independent private care homes. The response from the council had been in line with government guidance which had changed and evolved throughout the pandemic.

Referring to the partnership work that had taken place, Councillor Hovvels commented on the importance that the integrated approach to health and social care had been in this regard. The council had also worked with the military to roll out a mobile testing programme, however, there had been difficulties, with testing stations often located many miles away. In response, Councillor Hovvels had written to the Secretary of State for Health to express her concern, however, no reply had been received to date. In conclusion, Councillor Hovvels emphasised the vast amount of work that had been carried out within the health and social care sector and extended her gratitude to social care staff and partners.

Councillor Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships commented that the neighbourhood and community support effort had been at the heart of the response to the pandemic. Community hubs had contacted every shielding and vulnerable household within the county to offer help and support where needed, and, £1.5 million had been made available to support local community groups. Members noted that critical functions such as the household waste collection service had continued to work effectively during lockdown and the council was now working to restore all services in a safe manner. He placed on record his thanks to staff and community partners who had worked long and hard to support the people of Durham.

Councillor Olwyn Gunn, Cabinet Portfolio Holder for Children and Young People's Services, offered her condolences to those who had lost loved ones during the period of the pandemic and expressed her sincere gratitude to NHS, care staff and all front line workers.

Commenting on the proactive advice and guidance provided to schools and parents throughout the pandemic, Councillor Gunn recognised it enabled business continuity and ensured that schools received the relevant public health advice. Curriculum development advice was provided to schools as they prepared to close, together, with advice as to how schools could fulfil their free school meals commitment. The council worked with schools to resolve the challenges that came with the introduction of the national free school meals system.

A key area of work was to support schools to remain open to provide education for the children of key workers, with over 240 schools remaining open. In the light of national scientific advice, the delay in the track and trace system, and, the high regional rates of infection, schools were advised to delay the date set by national government for a phased reopening. Councillor Gunn emphasised the council's priority continued to be the safety of children and staff, adding that the position would be reviewed as the situation changed.

Members noted the council had fulfilled its statutory duties in relation to safeguarding, child protection and social care and this had included the use of social media and digital platforms to successfully maintain contact with children and young people known to social care. Councillor Gunn expressed her gratitude to the Chair and Vice-Chair of the Corporate Parenting Panel for their work with looked after children and care leavers. Support had also been provided to foster carers, and, residential homes had continued to function at normal capacity. In conclusion, Councillor Gunn placed on record her thanks to all members of staff in Children and Young People's Services and all head teachers and their staff, for their flexibility and resilience in the face of the challenges.

Councillor Joy Allen, Portfolio Holder for Transformation, Culture and Tourism, expressed heartfelt sympathies to those who had lost loved ones and thanked everyone who had worked tirelessly on the front line throughout the crisis.

Referring to the ambitious transformation programme, Councillor Allen commented that, through modernising work practices and equipping staff and elected members with the necessary tools to enable remote working, this had led to the crisis being much less challenging than it would otherwise have been.

Councillor Allen paid testament to the Transformation team staff redeployed to establish the Durham Together community hub and to oversee the operational side of a community hub, alongside leisure and library services. Referring to the many ways in which the service had mobilised in order to continue to offer services, Councillor Allen explained that the service innovated to enable residents to access library services online, enabled doorstep book delivery services to vulnerable residents, and offered

ancestry services online. In addition, the Community Arts team alongside partners, delivered interactive story-time sessions, and, the DLI collection team developed a range of digital resources which will be available to schools in the autumn term. Volunteers who regularly use the research centre worked remotely to support the development of exhibitions at the Durham History Centre and the Culture team worked with Durham University to commission an online festival which it is hoped will attract national attention.

Visit County Durham provided business support, advice and guidance to the county's businesses to understand the impact of COVID-19 and these findings had been shared with Visit England and the Department of Culture, Media and Sport. Tailored advice was provided to hospitality and tourism businesses. Councillor Allen referred to her disappointment at the cancellation of the Bishop Auckland and Seaham Food Festivals, however, a virtual food festival had been held online, enabling traders to sell their products. Acknowledging that it is essential to protect Durham's tourism future, the team developed a Virtual Visitors campaign to encourage the public to enjoy Durham from the comfort of their own homes. In addition, the council supported English tourism week to highlight the importance of tourism to local economies. Councillor Allen expressed appreciation to all staff who had continued to deliver essential services and implement an impressive range of new services.

Councillor Carl Marshall, Cabinet Portfolio Holder for Economic Regeneration, echoed the thoughts of Cabinet colleagues and offered his condolences to those affected by the coronavirus and he thanked all those who had supported each other throughout the pandemic.

Focusing on the business response, he paid tribute to those businesses that had continued to operate through extremely difficult times. Acknowledging the long road to recovery, Councillor Marshall committed to make every effort to continue to support businesses. He applauded the adaptability of those businesses that had utilised their skills to support the crisis through the production of protective equipment and those that had worked with international organisations to carry out research into a vaccine. Councillor Marshall thanked all key workers who had risked their health to safeguard others.

He commented on his lobbying of government for assistance to sole traders, SMEs and the leisure, tourism and hospitality industries and he added that he will continue to pressure national government. Councillor Marshall thanked transport operators who had helped to keep key workers connected, adding that work was taking place to ensure a return to full network coverage as soon as possible.

Referring to the importance of continued support for regeneration, he commented that he was aware that, despite the circumstances, inward investment enquiries were continuing. He emphasised that work to support regeneration will be vital for recovery and the council will continue to work alongside the North East Chamber of Commerce, the Federation of Small Businesses and other business networks throughout the county.

In conclusion, Councillor Marshall gave thanks to all staff, not forgetting those who had worked in the background to maintain the essential services.

Councillor Andrea Patterson, Cabinet Portfolio Holder for Corporate Services and Rural Issues, gave her condolences and expressed gratitude to NHS staff, care workers and all those who had been part of the work to help those most in need of support.

Councillor Patterson paid tribute to staff and referred to the technology that had been put in place to ensure services could be maintained. Referring to Durham County Council being the largest authority in the north east, she spoke of the huge effort undertaken to put policies in place to allow staff to continue to work safely. Staff had been retrained and volunteers had been redeployed in order to support the most vulnerable.

Referring to the scale of the effort, Councillor Patterson commented on how proud she was of everyone who had been responsible for keeping services running. Work will continue to take place with trade unions to develop policies and practices with feedback from trade unions and staff on the work carried out thus far being very positive.

With services moving online quickly, the significant investment in technology enabled work to continue as normal and helped staff to continue to work, often in locations which were not their usual place of work. Councillor Patterson commented that, without the input from Human Resources and ICT, the response from the council would not have been as efficient and she extended her thanks to staff and elected members. Concluding her comments, Councillor Patterson referred to the rural nature of the county and the impact on these communities in particular, and, she added that she would ensure the future recovery plan acknowledges rural towns and villages.

Councillor Angela Surtees, Cabinet Portfolio Holder for Social Inclusion, thanked staff, partners and communities across the county and passed on her condolences to families who had lost loved ones during this difficult time.

Referring to the ways in which the council had been able to continue to protect the most vulnerable in the county, Councillor Surtees explained that the welfare assistance scheme had been maintained. With the council seeing the demand for living expenses double during the time of the pandemic, Councillor Surtees expressed her pleasure that the council had been able to offer support, with the scheme being relaxed in order to help more people, for longer. Furthermore, the council had worked with landlords and individuals, to assist them with housing related issues, adding that the council would continue to support them. The council had also increased council tax support, and, as the council had maintained its own local council tax reduction scheme, persons of working age making a claim for support had their council tax bill reduced by £300, which was double the amount recommended by government. The council had also suspended recovery action and allowed residents in difficulty to defer payment of council tax.

Finally, Councillor Surtees referred to a report published in May, by the Office of National Statistics, relating to the impact of the virus in more deprived areas which showed that deaths from COVID-19 were significantly higher in more deprived areas. Councillor Surtees said this will be considered, alongside the impact of poverty more generally throughout the county, as a core part of the recovery strategy.

Councillor Kevin Shaw, Cabinet Portfolio Holder for Strategic Housing and Assets, expressed his sincere condolences to those who had suffered loss. He extended thanks to officers of the council for the work undertaken to support the community, businesses, and, individual needs. He paid tribute to the work of the housing teams who had supported general housing needs and landlords and tenants, and, the homelessness teams who had ensured that no-one was made homeless during the pandemic, with new cases being quickly resolved through partnership working. He concluded by thanking local communities who had joined forces throughout the pandemic.

Resolved:

That the recommendations in the report be approved.

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Cabinet

8 July 2020

**Proposal to Close the Trimdon Grange Site
of Bluebell Meadow Primary School on 31
August 2020**



Key Decision: CYPs/06/2020

**Report of John Pearce, Corporate Director of Children and Young
People's Services**

**Councillor Olwyn Gunn, Cabinet Portfolio Holder for
Children and Young People's Services**

Electoral division(s) affected:

Trimdon and Thornley.

Purpose of the Report

- 1 To seek Cabinet approval to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020 and to operate solely from the Trimdon Village site from 1 September 2020 taking account of the Local Authority's duties as prescribed in the Education and Inspections Act 2006 to secure sufficient places and to ensure good outcomes for all children and young people in the local area.

Executive summary

- 2 Bluebell Meadow Primary School is currently subject to a directive Academy Order as a result of an Ofsted inspection report that rated the school as inadequate. The Department for Education (DfE) has secured Eden Academy Trust, Hartlepool, as a sponsor and Bluebell Meadow Primary School is due to become part of that Multi Academy Trust (MAT) on 1 September 2020.
- 3 All pupils of statutory school age have already been consolidated on to a single site in Trimdon Village from January 2020. The Trimdon Grange site has continued to provide a base for nursery and pre-school age children. There are significant maintenance issues with the Trimdon Grange site and pupil numbers have fallen substantially since the previous reorganisation in 2016 which established a single school operating over two sites.

- 4 Undertaking the statutory process to close the Trimdon Grange site will enable the academy conversion to be completed from 1st September 2020. The educational and financial risks of not proceeding with the academy conversion are set out in the report.
- 5 If Cabinet agree to the recommendation in this report the Trimdon Grange site will remain with the Council rather than transferring to Eden Academy Trust as part of the conversion process. A decision on the future use of the site will be required once it ceases to be used for education provision.
- 6 Initial consultation was carried out on the proposal to close the Trimdon Grange site of Bluebell Meadow Primary School between 9 March and 3 April 2020. Consultation was undertaken with Governors, staff, parents and the wider community.
- 7 A total of 15 responses were received to that phase of consultation. 4 responses were in support of the proposal and 11 not in support of it. Details of the consultation and responses received are outlined in paragraphs 15 to 20 of this report. The majority of responses did not address the educational reasons for the consultation.
- 8 Following the initial consultation phase a decision was made on the 8th April 2020 by the Corporate Director, Children and Young People's Services, using delegated powers, to approve the issuing of a statutory notice proposing to approval to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020.
- 9 The statutory notice was issued on 23 April 2020. Any person wishing to object or make comments on the proposal had four weeks from this date to do so. 3 comments were received to the proposal all opposed to the proposal. These comments reiterated concerns highlighted in the initial consultation phase but again did not address the educational reasons for the proposal.
- 10 The 3 responses to the statutory notice were critical of the council for the 2016 amalgamation of Trimdon Grange Infant and Nursery School, Trimdon Village Infant School and Trimdon Junior School into one primary school. Respondents were firmly of the view that that decision has led to the fall in pupil numbers and drop in education standards. However, the purpose of this consultation was not to revisit previous decisions but to address the current challenges set out in this report.

Recommendation

- 11 Cabinet is recommended to agree that the Trimdon Grange site of Bluebell Meadow Primary School should close on 31 August 2020 so that the school operates solely on the Trimdon Village site from 1 September 2020.

Background

- 12 Trimdon Grange Infant and Nursery School, Trimdon Village Infant School and Trimdon Junior School amalgamated on 1 September 2016 to form Bluebell Meadow Primary School. This single primary school currently runs across the sites of Trimdon Grange Infant and Nursery School and Trimdon junior Schools.
- 13 At the time of the amalgamation, it was anticipated that in the region of 295 pupils (Reception to Year 6) would be on roll at the school in September 2019 of which 70 would be attending the Trimdon Grange site. Since then numbers have steadily declined and there are currently 222 pupils on roll which is 73 (25%) less than previously expected, with only 36 now attending the Trimdon Grange site at the end of December 2019.
- 14 The reduction in pupil numbers from the predicted 295 to 222 has put significant pressure on the school budget. At 31 March 2020 the school is forecast to have a retained deficit balance carried forward of circa £45,000, with an in-year deficit of circa £87,000. In 2020/21 school funding is forecast to reduce by circa £132,000 as a result of a further reduction in pupils and without action, the school is expected to have a deficit carried forward of circa £177,000 at 31 March 2021.
- 15 The Department for Education (DfE) has secured Eden Academy Trust, Hartlepool, as a sponsor and Bluebell Meadow Primary School is due to become part of that Multi Academy Trust (MAT) on 1 September 2020. Eden Academy Trust, Hartlepool, will not however agree to Bluebell Meadow Primary School joining the Trust if they are required to take on the responsibility for the building and site at Trimdon Grange.
- 16 Eden Academy Trust commissioned a condition survey of the Trimdon Grange building. This survey indicated that there were significant issues to be addressed to bring the building to an acceptable standard. Expenditure in excess of £1 million would be required to resolve structural issues, dampness and safeguarding issues. This, in addition to the budgetary issues faced by Bluebell Meadow Primary School has resulted in Eden Academy Trust forming the view that all of the pupils should be educated on the site of the former Trimdon Grange School.
- 17 The council and Eden Academy Trust agree that to ensure quality and consistency of education provision, the children would benefit from being in the same location - part of the same 'school' and with the opportunity for greater interaction with their peers rather than being comparatively isolated.

Consultation

- 18 An initial, non-statutory consultation on a proposal to close the Trimdon Grange site of Bluebell Meadow Primary School was held between 9

March and 3 April 2020. Meetings were scheduled to be held between 16-19 March 2020 with Governors and staff and with parents and members of the local communities at drop in sessions at the Trimdon Grange site.

- 19 However due to the situation regarding coronavirus and the Government's guidelines on social distancing, it was not possible to hold meetings with staff, or parents and members of the local communities. Instead the consultation document was put on Bluebell Meadow Primary School's Facebook page and staff and parents were able to ask questions or express views on there as well as by emailing relevant council officers. Details of the consultation and a full summary of the consultation responses received is included in the delegated decision report dated 8 April 2020 attached as Appendix 2.
- 20 When considering responses to the consultation, the council has referred to the Department for Education (DFE) guidance – "Making significant changes ('prescribed alterations') to maintained schools. Statutory guidance for proposers and decision-makers". This guidance states that the decision-maker (in this case the Council's Cabinet) needs to be satisfied that the appropriate fair and open local consultation has been carried out and that the proposer (in this case the Council's Education Service) has given full consideration to all the responses received. The decision-maker should not simply take account of the numbers of people expressing a particular view. Instead, they should give the greatest weight to responses from those stakeholders likely to be most affected by a proposal – especially parents of children at the affected school(s).
- 21 The responses to the consultation were received and considered by officers in the Council. Of the 15 responses received, 4 were in support of the proposal and 11 were not in support of the proposal. Those not in support of the proposal were of the view that the council had caused the fall in education standards by implementing an amalgamation that very few wanted and not improving the building at Trimdon Grange. These responses referred to the previous consultation rather than addressing the reasons for the current consultation proposal.
- 22 There were also a small number of responses raising concern as to how nursery age pupils would get to the Trimdon Village site as parents could not afford the daily bus fares.
- 23 Those in support of the proposal felt that the condition of the building was not conducive to effective teaching and learning.

Decision to Issue a Statutory Notice

- 24 After considering the responses, a summary of which is provided in the delegated decision report dated 8 April 2020, the Corporate Director, Children and Young People's Services used delegated powers to agree to publish proposals to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020. A statutory notice was therefore published on 23 April 2020.
- 25 Once a proposal is published there follows a statutory 4-week representation period during which comments can be made. These must be sent to the Local Authority. Any person can submit representations, which can be objections as well as expressions of support. The representation period is the final opportunity for people and organisations to express their views about the proposal. Once the representation period has closed, a decision on the proposal must be made by the decision-maker (in this case the Council's Cabinet) within 2 months, i.e. by 21 July 2020.

Responses to the Proposal Published on 23 April 2020

The Statutory Notice Period

- 26 3 responses were received by the end of the 4-week statutory notice period, all of them blaming the council for the fall in pupil numbers and drop in education standards. They were firmly of the view that the amalgamation of Trimdon Grange Infant and Nursery School, Trimdon Village Infant School and Trimdon Junior School should never have happened and led to the fall in pupil numbers and education standards. Responses did not address the issues upon which the current consultation was undertaken and focused on previous decisions.

Decision-Making Process - Factors to be considered by Cabinet

(a) Consideration of Consultation and Representation Period

Cabinet needs to be satisfied that the appropriate fair and open local consultation and representation period have been carried out and that the proposer (in this case the Local Authority) has given full consideration to all the responses received. If the proposer has failed to meet the statutory requirements, this proposal may be deemed invalid and therefore should be rejected. Consultation was carried out in accordance with Department for Education (DFE guidance).

- 27 Cabinet must consider all of the views submitted, including all support for, and objections to and comments on the proposal. Details of the consultation are included in paragraphs 14-16. The statutory notice published on 23 April 2020 and which expired on 21 May 2020 (the representation period) is attached as Appendix 2. Officers prepared the notice as set out in the regulations and complied with statutory requirements. Due to the current situation with coronavirus, rather than

placing the public notice on the main school gates, it was placed on Bluebell Meadow Primary School's Facebook page

- 28 The delegated decision report provides full details of the response received during the consultation period from 9 March 2020 to 3 April 2020. In summary, 15 responses were received, 4 in support of the proposal and 11 not in support of the proposal.

(b) Related Proposals

- 29 Where proposals appear to be related to other proposals, the decision-maker must consider the related proposals together. A proposal should be regarded as related if its implementation (or non-implementation) would prevent or undermine the effective implementation of another proposal.

- 30 The proposal to close the Trimdon Grange site of Bluebell Meadow Primary School is not linked to any other proposal.

(c) Education Standards and Diversity Issues

- 31 Since Trimdon Grange Infant and Nursery School, Trimdon Village Infant School and Trimdon Junior School amalgamated on 1 September 2016 to become a single primary school on the sites of the former Trimdon Grange Infant and Nursery School and Trimdon Junior School, pupil numbers have reduced significantly, causing budget pressures. In addition, Bluebell Meadow Primary School has been judged 'Inadequate' by Ofsted in May 2019.

- 32 It is believed that the best way of improving education outcomes and easing the pressure on the budget will be most effectively achieved by Bluebell Meadow Primary School operating on one site rather than two sites. Furthermore, the academy sponsor secured by the DfE, Eden Academy Trust, Hartlepool will only agree for the school to become part of the Trust if it has responsibility for only the building and site of the former Trimdon Junior School.

(d) Proposed Admission Arrangements

- 33 When deciding the proposal, Cabinet should confirm that the admission arrangements are compliant with the School Admissions Code. The admission arrangements will remain unchanged and be the same as those for all community and voluntary controlled schools in County Durham and these are compliant with the DfE's School Admission Code. The proposed number of pupils to be admitted to Reception in the school in September 2020 will continue to be 60.

(e) National Curriculum

34 All maintained schools must follow the National Curriculum unless they have secured an exemption for groups of pupils or the school community. The proposal to close the Trimdon Grange site of Bluebell Meadow Primary School has no impact on the school's ability to follow the National Curriculum.

(f) Equal Opportunity Issues

35 Cabinet must have regard to the Public Sector Equality Duty (PSED) which requires them to have 'due regard' to the need to:

- eliminate discrimination;
- advance quality of opportunity; and
- foster good relations

36 An equality impact assessment (Appendix 4) has been carried out on this proposal. There are no potential impacts in relation to age, gender, disability, sexual orientation or ethnicity for pupils and parents/carers. The current school across two sites provide education for boys and girls aged between 2-11 years and the primary school operating from one site only at Trimdon Village will continue to provide education for boys and girls across the same age range.

(g) Travel and Accessibility

37 Bluebell Meadow Primary School will operate on the Trimdon Village site which is where all pupils of statutory school age have been taught since January 2020. Consequently, there will be no increases to travel time for these groups. Nursery and pre-school pupils have continued to access provision on the Trimdon Grange site so there will be an impact for those groups as a result of the proposed changes.

(h) Funding

Cabinet must be satisfied that the necessary funding required to implement the proposal will be available. If the proposal is agreed, capital funding from the DFE Capital Maintenance Grant will be utilised to improve the playground area and carry out work to the structure of the building and to resolve safeguarding issues.

(i) School Premises and Playing Fields

38 Under the School Premises (England) Regulations 2012 all maintained schools are required to provide suitable outdoor space to enable physical education to be provided to pupils in accordance with the school curriculum; and for pupils to play outside safely. The site of Bluebell Meadow Primary School at Trimdon Village School will have

suitable outdoor spaces for all pupils and the council is allocating funding to improve the playground area.

Conclusion

- 39 It is believed that the best way of improving education outcomes and easing the pressure on the school budget will be most effectively achieved by Bluebell Meadow Primary School operating on one site rather than two sites. Furthermore, the academy sponsor secured by the DfE, Eden Academy Trust, Hartlepool will only agree for the school to become part of the Trust if it has responsibility for only the building and site of the former Trimdon Junior School.
- 40 Although there has been limited response to the consultation and statutory notice, and the majority of responses received were not in favour of the proposal, there have been no educational reasons put forward as to why the Trimdon Grange site of Bluebell Meadow Primary School should not be closed on 31 August 2020. . . .

Background Papers

Author Graeme Plews

Tel: 03000 265777

Appendix 1: Implications

Legal Implications

The actions described in this report are intended to comply with the council's duty to exercise its functions with a view to promoting high standards and the fulfilment of each pupil's learning potential in accordance with S13A of the Education Act 1996.

Finance

To resolve the issues within the building at Trimdon Grange would cost in the region of £1 million. This would be a cost to the School Capital Budget. Should the building close and no alternative use be found, there would be a capital receipt to the council if the building and site were sold. The value of this capital receipt is not yet known.

At 31 March 2020 the school is forecast to have a retained deficit balance carried forward of circa £45,000, with an in-year deficit of circa £87,000. In 2020/21 school funding is forecast to reduce by circa £132,000 as a result of a further reduction in pupils and without action, the school is expected to have a deficit carried forward of circa £177,000 at 31 March 2021.

Closure of the Trimdon Grange site would see a reduction in formula funding through the loss of the split site lump sum provision – which is £51,000 in 2020/21 – but will provide opportunities for efficiencies that will more than offset this

Consultation

Consultation will be carried out in accordance with DfE statutory guidance. The approach to consultation is described in paragraphs 24-26 of the report, and an indicative timescale is provided in paragraph 27.

Equality and Diversity / Public Sector Equality Duty

A decision to close one or more sites of a community school which are more than one mile apart can only be taken after consultation.

Any review or change to educational provision in an area has the potential to have an adverse effect on protected characteristics, both in terms of pupils, their families, local communities and employees working in the schools. However, the proposal to close the building of the former Trimdon Grange Infant and Nursery School and utilising the building and site of the former Trimdon Junior School to teach all pupils aged between 2-11 will benefit pupils, staff and parents. Education will be provided in an improved environment to provide a positive learning experience for children and provide equal access to all.

The focus on improved educational outcomes is seen as a positive experience in a child's education and ensures that children who are protected under the Equality and Diversity/Public Sector Equality Duty can maximise their potential. The main groups affected are children currently accessing early years education at Trimdon Grange, their families and staff.

Climate Change

The closure of the building at Trimdon Grange will not directly lead to a negative impact on climate change, but increased use of transport from Trimdon Grange to the site of the former Trimdon Junior School in Trimdon village must be acknowledged.

Human Rights

Human rights are not affected by the recommendation in this report.

Crime and Disorder

None

Staffing

Any changes to staffing as a result of the consolidation of the school onto one site would be determined by Eden Academy Trust, Hartlepool.

Accommodation

There may be alternative uses identified by the local community for the building at Trimdon Grange, though the asset management and investment requirements will still be an issue. Eden Academy Trust, Hartlepool, will refurbish the building at Trimdon Village to ensure it can accommodate all pupils from September 2020.

Risk

There are a number of risks and issues associated with closure of any school building and the consultation and decision-making process needs to be transparent and inclusive. There is little by way of other council provision in Trimdon Grange and the local community will be concerned over the loss of their local school and over what is planned for the Trimdon Grange building if it is to be no longer used as a school. Alternative use of the building and site was referred to as part of the consultation within the local community to ascertain what future requirements may be. No proposals for the future use of the building have been made.

An over-riding risk to the Council however is that the failure to agree the recommendation in the report results in Eden Academy Trust, Hartlepool, not agreeing that Bluebell Meadow Primary School becomes part of the Trust. This would mean that the school remains a maintained school and the deficit continues to rise. This will also result in reputational damage to the Council who may be viewed as obstructing the DfE's directive requiring Bluebell Meadow Primary School to convert to academy status.

Procurement

N/A

Appendix 2: Public Notice



PUBLIC NOTICE

Proposal to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020

Notice is given in accordance with Section 19(1) of the Education and Inspections Act 2006 that Durham County Council intends to make a prescribed alteration to Bluebell Meadow Primary School (Community) Trimdon Grange, Trimdon Station TS29 6EY.

It is proposed to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020. This proposal reflects the work being done across County Durham to make schools sustainable in the long term to meet the challenges in a rapidly changing educational environment.

The current capacity of Bluebell Meadow Primary School across the two sites is for 420 pupils. The capacity of the school should the Trimdon Grange site close will continue to be for 420 pupils as the building at the Trimdon Village will be remodelled to provide additional places. The proposed admission number will be 60

When Trimdon Village Infant School, Trimdon Grange Infant and Nursery School and Trimdon Junior School amalgamated in September 2016 to form Bluebell Meadow Primary School, in the region of 295 pupils were expected to be on roll in September 2019. Since then pupil numbers have reduced more than expected and the total number of pupils currently on roll is 222. This reduction in pupil numbers has put significant pressure on the school budget. The current model of providing education across two sites is not likely to be sustainable in the long term and it is not in the best interests of the pupils and staff at the school. The school was also judged as Inadequate by Ofsted in May 2019. As a result, the school was issued with a directive 'Academy Order' by the Secretary of State requiring them to convert to academy status and be sponsored by an existing Multi-Academy Trust. The council and the proposed sponsor, Eden Academy Trust, Hartlepool both believe that this proposal will not have any negative impact on the standard of education provided to children from Bluebell Meadow Primary School.

This Notice is an extract from the full proposal. Copies of the complete proposal can be obtained via an email request to:
schoolorganisation@durham.gov.uk

It is also available on the County Council's website at: www.durham.gov.uk/consultations

Within four weeks from the date of this publication any person may object or make comments on the proposal by emailing them to

- schoolorganisation@durham.gov.uk

Signed:

A handwritten signature in black ink, appearing to read 'JMPearce', written in a cursive style.

John Pearce
Corporate Director
Children and Adults Services

Publication Date: 23 April 2020

Appendix 3: 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	Education, School Places and Admissions
Lead Officer	Graeme Plews
Title	School Places and Admissions Manager
MFTP Reference (if relevant)	N/A
Cabinet Date (if relevant)	July 2020
Start Date	March 2020
Review Date	May 2020

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):

Proposal to close the Trimdon Grange site of Bluebell Meadow Primary School on 31 August 2020 with pupils being taught solely on the Trimdon Village site from 1 September 2020.

The objective of the proposal is to address the reduction in pupil numbers, pressure on the school budget and to improve educational standards.

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

General Public, governors, Staff, pupils of Bluebell Meadow Primary School, providers of Early Years Education, Elected Members, MPs, Neighbouring Schools, Trade Unions, Diocese, Department for Education, Community Groups, Parish Councils, Residents' Associations, AAP Board, CYPS/DCC Staff, Parents/Carers.

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.

The main groups affected by this proposal are pupils attending Bluebell Meadow Primary School, their families and staff. It is not expected that pupils and their families will be adversely 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?**

Closing the Trimdon Grange site of Bluebell Meadow Primary School will enhance education provision in the area and will lead to a more sustainable establishment for the long term that will bring about educational improvement and will continue to provide equal access for all.

A 4-week consultation was held during March and April 2020. Consultation documents were distributed widely and a meeting was held with Governors of Bluebell Meadow Primary School. Due to the situation with coronavirus and Government guidance on social distancing it was not possible to have meetings with staff, parents or members of the local community. Stakeholders were invited to respond in a variety of ways written responses using the response form attached to the consultation document, letter, email or completing the response form online via the County Council's website. Alternative formats were available on request. 15 responses were received to the consultation, 4 in support of the proposal and 11 not in support of the proposal.

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.

Bluebell Meadow Primary School was inspected by Ofsted in May 2019 and was judged as 'Inadequate'. As a result, the school was issued with a directive 'Academy Order' by the Secretary of State requiring them to convert to academy status and be sponsored by an existing Multi-Academy Trust. The Department for Education (DfE) has secured Eden Academy Trust, Hartlepool, as a sponsor and Bluebell Meadow Primary School is due to become part of that Multi Academy Trust (MAT) on 1 September 2020, subject to them not taking on the responsibility for the building and site at Trimdon Grange.

The Eden Academy Trust, Hartlepool, is of the view that to ensure quality and consistency of education provision the children would benefit from being in the same location - part of the 'same school' and with the opportunity for greater interaction with their peers rather than being comparatively isolated. Under the Academy Order, this decision rests with the sponsoring Trust, but the County Council recognises the action of educating all children on a single site is in their best interests at this time.

Screening Summary

On the basis of the 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?	No
No evidence of actual or potential impact on some/all of the protected characteristics?	No

Sign Off

Lead Officer sign off: 	Date: 8 July 2020
Service equality representative sign off:	Date:

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

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Cabinet

8th July 2020

St Bede's RC Comprehensive, Peterlee

**Key Decision No.
CYPS/08/2020**



Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

John Hewitt, Corporate Director of Resources

Councillor Olwyn Gunn, Portfolio Holder for Children and Young People's Services

Councillor Alan Napier, Portfolio Holder for Finance

Electoral division(s) affected:

All

Purpose of the Report

- 1 To provide an overview and update of educational aims and plans for academisation and catholic education in the Diocese of Hexham and Newcastle alongside the priority schools in their conversion strategy.
- 2 To review the financial impact of the academy conversion of the last maintained Roman Catholic (RC) secondary school, St Bede's RC Comprehensive in Peterlee and its conversion to join the Bishop Chadwick Catholic Education Trust.
- 3 To make recommendations with regards to the treatment of the accumulated financial deficit of this school at the point of conversion.

Executive summary

- 4 St Bede's RC Comprehensive in Peterlee has been supported by Northern Saints Academy Trust (now Bishop Chadwick Catholic Academy Trust) since January 2015.
- 5 Failure to attract an appropriate candidate for the headship in 2015 meant that the council needed to secure temporary leadership support from St Wilfrid's RC school in South Tyneside, part of the Northern

Saints Academy Trust. The support required was significant and has extended well beyond the original intended temporary period and remains in place.

- 6 Any closure of a faith school of this size and in this locality would place significant strain on pupil placement in other faith and non-faith schools. Pupil-place planning data shows there is insufficient spare capacity in County Durham to disperse all pupils to existing schools within reasonable travelling distance of home. These exceptional circumstances have meant that sustainability of the school, from an educational and finance perspective, has been critical.
- 7 Due to the specific circumstances of the school and the risks to the continuing provision of suitable school places in the area, the Council has worked with the school on the financial risks it has faced. This has included agreement for the school to set a deficit budget on the basis that it considered alternatives for a longer-term sustainable model of provision. The estimated deficit at 1st October 2020 when conversion is planned will be £1.6m. The increase in pupil numbers over the last three years will help to move the school to become more financially sustainable over the medium to longer term.
- 8 The executive leadership provided by St Wilfrid's had a significant impact upon accelerating the school's improvement journey in terms of Ofsted and performance league tables. This in turn has transformed pupil numbers, though there is a legacy of low pupil numbers that is still prevalent in years 10 and 11 from September 2020.
- 9 The work of the Executive Headteacher and the continuing support of St Wilfrid's was reflected in the April 2015 monitoring visit, and outcomes improved significantly across 2015. Outcomes also significantly improved in 2016 and the rapid improvement helped secure a good overall Ofsted inspection in February 2017. These were very positive steps on the school's improvement journey.
- 10 The school has continued to prosper and outcomes for 2019 were excellent in terms of progress and attainment ensuring that the school is a strong provider with some outstanding aspects of progress.
- 11 The Diocesan Academy policy plans aim to ensure that all 43 maintained Roman Catholic (RC) schools in County Durham will academise by July 2022. This ambition has not changed post the Covid outbreak.
- 12 Each of the RC schools in the North East will join one of four large continuing diocesan trusts. Existing catholic academies are also required to join one of these trusts and Durham schools have been

aligned to three of these trusts, according to their location. All the trusts are in the North East.

- 13 Secondary RC schools have been the priority for conversion. St Bede's RC Comprehensive in Peterlee is the last RC maintained secondary school. The other schools have all academised since 2011 and have now joined their new diocesan trust.
- 14 St Bede's RC Comprehensive did not convert with other diocesan secondary schools because of its financial position and an Ofsted Requires Improvement inspection in 2016, which had a significant impact upon the school's popularity with pupils and parents.
- 15 The scale of academisation brought about by the Diocesan Academy policy has reduced the financial risk of St Bede's joining Bishop Chadwick Trust, because the increase in the size of the trust will reduce the risk relative to trust resources. The trust now wishes to accelerate the academisation process, despite the school still operating an in-year deficit.
- 16 To enable the transfer to proceed, Bishop Chadwick Catholic Education Trust have requested the council to write off the school's cumulative deficit at the point of transfer. This reflects the significant support and time invested within the school and local community and secures the future of the School.
- 17 The report sets out the financial implications of this proposal and the earmarked school reserve that was set up to cover the financial risk of accumulated school deficits in these circumstances.

Recommendation

- 18 Cabinet is recommended to note the Diocesan Academy policy plans set out in the report, and agree the following:
 - a) To write off the accumulated deficit of St Bede's RC Comprehensive School at the point of conversion, in order to deliver a financially viable future for the school and sustainable education for the communities affected. The costs of writing off the deficits to be met from the Schools' earmarked reserve.
 - b) To note the Diocesan Academy Policy for Catholic Education and its impact on schools in County Durham.

Background

- 19 There are 43 Roman Catholic (RC) schools in County Durham – 39 primaries and 4 secondary schools. 5 primary schools and 3 secondary schools have already converted, leaving 1 secondary and 34 maintained RC primary schools in County Durham.
- 20 The published Diocesan Academy Policy is that all RC schools will be academies within four diocesan trusts by July 2022. Existing catholic academies are also required to join one of these trusts and Durham schools have been aligned to three of these trusts, according to their location. The four trusts are as follows:
- a) Bishop Chadwick Catholic Education Trust – covering schools in the east of Durham
 - b) Bishop Wilkinson Catholic Education Trust – covering schools in central Durham
 - c) Bishop Hogarth Catholic Education Trust – covering schools in the south of Durham
 - d) Bishop Bewick Catholic Education Trust – covering schools north of the Tyne. No schools in County Durham are aligned to this Trust.
- 21 The Bishop has asked that the chair and other foundation governors, work with the Diocesan Department for Education and with the regional trust to implement the Diocesan Academy Policy, thereby ensuring that Catholic education in the diocese is preserved, protected and developed for current and future generations.
- 22 The Diocese acknowledges the council's statutory educational and safeguarding responsibilities. The Diocesan Department for Education will continue to work collaboratively with the council to support them in these and to achieve the successful implementation of this policy. The Diocese has stated it would encourage trusts to use the services of local authorities where these demonstrate quality and value for money.
- 23 The decision to convert to academy status is one for the individual school Governing Body, which should have regard to any policy or guidance issued by or on behalf of the Bishop who wrote to all schools on the 19 December 2019 setting out his vision.
- 24 The principles behind the academisation plan are enshrined in the documentation associated with academisation, namely Model Articles of Association adopted by the Diocese of Hexham and Newcastle, the model Scheme of Delegation, and the Memorandum of Understanding.

- 25 The implementation of this policy will happen in two stages;
- **Stage 1:** consolidation of existing academies and trusts into one base trust.
 - **Stage 2:** conversion of remaining voluntary aided schools to academy status within their regional trust.
- 26 In respect of the cumulative deficits at the point of conversion, the responsibility for dealing with this depends on the circumstances under which the school becomes an academy. Schools that become academies either do so as convertors or as sponsored academies:
- A convertor is a school that chooses to become an academy.
 - A sponsored academy is one that is directed to become an academy by the Secretary of State. Sponsored academies are usually schools with an adverse Ofsted judgement, which does not apply to St Bedes RC Comprehensive School.
- 27 Where a school becomes a sponsored academy, DfE policy is that any cumulative deficit must be written-off by the local authority. Where a convertor has a cumulative deficit, the local authority can choose to write-off the deficit, but is not obliged to do so.
- 28 Whilst there are provisions which would allow an accumulated deficit to be taken on by a sponsor, no Multi-Academy Trust would agree to take on a school with a large accumulated deficit and would have concerns over schools with in-year deficit budgets. Financial due diligence is an integral part of the academisation process and would preclude a school with a large accumulated deficit, such as St Bede's, joining a Multi-Academy Trust.
- 29 As part of the Review of Education Provision the Council has an earmarked reserve set aside to cover the cost of writing-off deficits of schools converting to academies where the council must, or chooses to, write-off the deficit at the point of conversion. At 31 March 2020 the balance on this reserve was £7.7 million.
- 30 St Bede's RC Comprehensive, Peterlee remains the only diocesan maintained secondary school in County Durham. The other RC secondary schools have all converted to academy status over the last 8 years.
- 31 The current CEO of Bishop Chadwick Trust was appointed to support St Bede's in Peterlee in January 2015, following the school's inability to

attract a suitable Headteacher and concerns regarding the performance of the school at that time.

- 32 The post of Executive Headteacher was created and around that time the school was inspected, achieving a 'Requires Improvement' grade based upon weak academic data from the previous year.
- 33 In the first year of the school's new leadership arrangements, they again tried to appoint a Headteacher but failed to attract somebody willing to take on a failing school with a significant fall in pupil numbers.
- 34 To add further capacity to the school alongside several staffing reductions, the Executive Headteacher brought in additional senior leaders from St Wilfrid's in South Tyneside to support and accelerate progress in the school. Whilst St Bede's RC Comprehensive School paid for the core senior leader team permanently in school, St Wilfred's provided a range of specialist staff on a free consultation basis over the course of three years to address school improvement priority areas. This included both senior leadership and middle leader expertise.
- 35 The work of the Executive Headteacher and the continuing support of St Wilfrid's was reflected in the April 2015 monitoring visit and outcomes improved significantly across 2015. "The Executive Headteacher and Head of School, worked swiftly to develop and implement an action plan to tackle the areas requiring inspection report" Ofsted April 2015. Outcomes significantly improved in 2016 and the rapid improvement helped secure a good overall Ofsted inspection in February 2017. "The Executive Headteacher's vision, ambition and high expectations have led to rapid improvement in all aspects of school life" Ofsted 8-9 February 2017.
- 36 The school has continued to prosper under the guidance of the Executive Headteacher. Outcomes for 2019 were excellent in terms of progress and attainment ensuring that the school is a strong provider with some outstanding aspects of progress.
- 37 Historically pupil numbers at St Bede's were adversely affected by the decision of The Academy at Shotton Hall to admit above their Pupil Admission number (PAN) over a three-year period, with as many as 60 extra children in their year groups admitted. This coincided with the increased popularity of Dene Community School following a Good Ofsted inspection in 2014.
- 38 Pupil numbers were initially slow to respond to the improvements that have been made. There has been significant work to develop the relationships with some of the Peterlee primary catholic schools. These improvements were noticed in the 2018 first choice applications which

increased significantly on previous years and with numbers predicted to continue to rise.

- 39 Whilst the Northern Saints Trust (Now Bishop Chadwick's Trust) have expressed an interest in taking St Bede's into their academy trust as far back as 2017, the financial situation and pupil number issues which have caused in-year deficits in terms of budget setting have held back the decision on the risk of an adverse impact upon the other schools within the trust. This was compounded by uncertainty with regards to the treatment of the accumulated deficit at the point of conversion.
- 40 Writing-off the deficit would be a one-off cost to the Council; however, it would facilitate the transfer, thereby retaining educational provision and community use of the newly built sports hall, all weather pitch and extensive playing field space. This would provide a basis for building a financially sustainable position for the school and Sixth Form going forward. It would also address the issue of the school continuing to operate in deficit without a sustainable recovery plan in line with Department for Education regulations.
- 41 Any closure of a faith school of this size and in this locality would put significant strain on pupil placement in other faith and non-faith schools. According to current pupil-place planning data there is insufficient spare capacity in County Durham to disperse all pupils to existing schools within reasonable travelling distance of their homes. The closure of the school would not therefore be within the educational interests of local children or local communities.
- 42 On joining Bishop Chadwick Catholic Education Trust, St Bede's will receive significant support from the Trust during its continuing financial recovery. This will support the school to financially recover and remain open for its catholic community as admission numbers catch up with the smaller year groups inherited between 2016-2018.
- 43 Staffing secondments will allow staff from other schools within its trust to provide teaching support where St Bede's currently has staffing need for which recruitment would be required otherwise. In year 1, the Trust is committed to underwriting the cost of seconded teaching/admin staff with a further contribution towards this cost in year 2. These factors would increase the deficit at point of conversion if delayed.
- 44 The financial support estimates provided by the Trust in relation to seconded staff amounts to £403,000 in year 1 and £165,000 in year 2.
- 45 One of the key conditions that Bishop Chadwick Catholic Education Trust has stipulated, is that the Council formally resolves to meet the

cumulative deficit of St Bede's RC Comprehensive School at the point of conversion.

- 46 The difficulties faced by the school have led to it having an accumulated deficit, which has built up over several years, shown in the following table:

St Bede's Accumulated Balance	£
Balance at 31 Mar 2014	336,000
In-year surplus or (deficit) 14-15	(186,000)
Balance at 31 Mar 2015	150,000
In-year surplus or (deficit) 15-16	328,000
Balance at 31 Mar 2016	478,000
In-year surplus or (deficit) 16-17	47,000
Balance at 31 Mar 2017	524,000
In-year surplus or (deficit) 17-18	(365,000)
Balance at 31 Mar 2018	159,000
In-year surplus or (deficit) 18-19	(640,000)
Balance at 31 Mar 19	(481,000)
In-year surplus or (deficit) 19-20	(919,000)
Balance at 31 Mar 20	(1,400,000)

- 47 The school's projected net expenditure to 30 September is £209,000, so the deficit at the point of conversion is likely to be circa £1.6 million.
- 48 Where schools choose to convert to academies, the default position is that the accumulated balance, whether a surplus or deficit, transfers to the academy trust. However, DfE guidance is that local authorities may choose to write-off all or part of a deficit where the deficit is a hindrance to the school converting.
- 49 The position is different for schools that become sponsored academies, because of an adverse Ofsted rating. Where schools that are becoming sponsored academies have a deficit, the deficit is required to be written-off as a charge to the local authority's general fund.
- 50 If the council chooses to write-off the deficit, this would be met from the School Reserve, set up for this purpose. The current balance on the fund is £7.7 million, but there are a number of schools in addition to St Bede's where there is likely to be a call on the reserve:

School	Conversion plans	Potential call on School Reserve (£)	Comments
St Bede's	Planned conversion, 1 October 2020	-1,609,000	Forecast of balance at 1 October 2020
Bluebell Meadow	Planned conversion, 1 September 2020	-130,000	Estimated Deficit at point of conversion 1 st Sept 2020
Tanfield	Converted (sponsored), 1 May 2020	-1,030,000	Deficit at point of conversion 1st May 2020
Wolsingham	Planned conversion, 1 September 2020	-1,911,000	Initial forecast of balance at 1 September 2020
Wellfield	Options for converting being considered	-3,406,000	Balance at 31 March 2020
Total		-8166,000	

- 51 The potential call on the School Reserve currently exceeds the current balance. However, Wellfield has not yet made any firm plans to convert and is required to reduce its deficit during the current year by setting an in-year surplus budget of circa £200,000, which would reduce any future shortfalls. There are, however, other schools which could either close or convert as sponsored academies in the future, which could lead to the council having to write-off further deficit balances.

Conclusion

- 52 Had St Wilfred's chosen to withdraw its leadership for St Bede's RC Comprehensive School at any point in the last four years, the council would have struggled to maintain the pace of its improvement, its OFSTED status and the excellent outcomes it has achieved for children in a very challenging context. This would have placed significant strain on the provision of education in the area and would not have been in the educational interests of children and young people. This would have resulted in further financial issues for the school which in turn would have had an impact on the educational provision in the area.
- 53 Whilst the school has accrued further deficits year on year, Northern Saints (now Bishop Chadwick Catholic Education Trust) have invested significant finances into the school through leadership capacity from St Wilfrid's. This has been recognised by Ofsted, who stated "Leaders draw well upon expertise from the local authority, the Diocese and St Wilfrid's RC College to improve the provision for pupils throughout the school" (Ofsted inspection 8-9 February 2017).

- 54 Bishop Chadwick Catholic Education Trust has already taken on Our Lady of the Rosary Primary school (September 2019) which is in close proximity to St Bede's. This has been done with the full intention of securing future intake to the school and provided further confirmation that the Trust wanted to secure St Bede's long-term future.
- 55 The Executive Headteacher and Northern Saints Trust (now Bishop Chadwick Trust) have both been very supportive and appreciative of the work done by the Education Development Service. The Trust maintain strong relationships with the Council including purchase of a range of Service Level Agreements.
- 56 The trust will be the key lead in the diocesan direction for all the schools in the East and it is important strategically that the council maintains a strong relationship with this and other trusts as the Diocesan Education Policy is fully implemented.
- 57 In 2017, financial concerns and forecasts for this school placed it in a forecast situation of unmanageable cumulative deficit and a real risk of closure. However, with strong Diocesan support for its continuation, the current situation is a significant improvement from the fragile position forecast three years ago.
- 58 It is considered unlikely that St Bede's RC will reach an in year surplus position in the next two academic year and will need to be sustained by the general financial support of Bishop Chadwick Trust until its numbers build over the next two intake years. A decision to write off the deficit at an earlier stage than July 2022 will significantly reduce the cumulative deficit payment the council would need to make.

Background papers

- Diocesan Academy Policy and associated documents

http://edurcdhn.org.uk/school/support_docs/support_schpolicies.php

Other useful documents

- Ofsted Reports

<https://reports.ofsted.gov.uk/provider/23/114327>

Author(s)

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Appendix 1: Implications

Legal Implications

The actions described in this report are intended to comply with the Council's duty to exercise its education functions with a view to promoting high standards and the fulfilment of each pupil's learning potential in accordance with S 13 A of the Education Act 1996.

The Corporate Director Resources is responsible by virtue of Section 151 of the Local Government Act 1972 for the administration of the authority's financial affairs. The Corporate Director, Resources also has a duty to report certain matters to the authority by virtue of Section 114 of the Local Government Finance Act 1988.

The funding framework governing schools finance, which replaced Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation the Council is required to publish a Scheme of Financing for Schools. The scheme sets out the financial relationship between the authority and the maintained schools which it funds, including the respective roles and responsibilities of the authority and the schools. The scheme does not limit unreasonably the flexibility of schools to control and deploy their budgets, recognising the need for public monies are involved to be properly accounted for and recorded. The scheme includes provisions which are binding on both parties. Under the scheme, any deficits of expenditure against budget share (formula funding and other income due to the school) in any financial year will be charged against the school and will be deducted from the following year's budget share to establish the funding available to the school for the coming year.

Schools cannot set a deficit budget without the prior agreement in writing of the authority. For clarity, a deficit budget is one where the gross expenditure in the budget plan exceeds the total of funding, income and the balance (surplus or deficit) brought forward from the previous year. This consent is given by the Section 151 officer - Corporate Director, Resources

It is a policy of the Department for Education that stand-alone academies are no longer permitted. Where a school chooses to convert and become an academy, the default position is that the accumulated balance, whether a surplus or deficit, transfers to the academy trust. However, DfE guidance is that local authorities may choose to write-off all or part of a deficit where the deficit is a hindrance to the school converting.

Finance

The current forecast of the deficit of St Bede's at the point of conversion (October 2020) is circa £1.6 million. This would be met from the Schools Reserve, which is currently £7.7 million, should members choose to support the conversion and meet these costs.

Consultation

School communities have, to date, been engaged in consultation through governing bodies – particularly around the academisation plans in line with the Diocesan Academy policy plans.

Equality and Diversity / Public Sector Equality Duty

Any review or change to educational provision in an area has the potential to adversely impact on protected characteristics, both in terms of pupils, their families, local communities and employees working in the schools. The options described in this report do not involve pupils being required to attend different schools or not being able to access a local school and being required to travel further.

Although doing nothing and leaving all the schools as they are may initially be favoured by parents, who tend to view the closure of any school in a negative manner, the fact is that because of the size of schools, although they may be viable currently, they may become unviable in future if action is not taken in a planned way.

The mitigating impact of schools co-operating in a Multi-Academy Trust would be particularly strong. A fixed, reliable and secure planning framework of governance, staffing and finance would enable the delivery of a resilient education to protected groups. It is proposed that these benefits would extend to pupils, staff and governors. Recognition should be given to some variation in staff contracts, changed travel times and potential for some impact on hours worked. It will be important to negotiate mitigation in these areas.

In turn there will be opportunities for and a need to review governance, arrangements as most MATs operate with a Local Governing Body with very few delegated decisions.

Climate Change

No impact St Bede's RC Comprehensive

Human Rights

Human rights are not affected by the recommendations in this report.

Crime and Disorder

None

Staffing

Any changes to staffing as a result of the conversion of the schools, subject to this report would matters to be determined by the continuing diocesan trusts.

Accommodation

St Bede's RC Comprehensive - None, school buildings would transfer to the continuing diocesan trusts

Risk

A key risk is that, as a consequence of actions taken by the County Council (including the failure to make timely interventions), pupils and students do not receive an adequate education. Providing additional support to a particular school is often a difficult balance between making decisions that support the best educational outcomes for children whilst managing the financial position of a particular school with a view to the longer term outcomes that can be achieved – this can present a risk if these two issues are viewed in isolation.

In not agreeing to write off the deficit for St Bede's RC Comprehensive School at point of conversion the diocesan plans would be delayed with Bishop Chadwick Catholic Education Trust. This would be detrimental to the schools' operational efficiency.

The s.151 officer must sign-off the budget for schools with a deficit budget plan and needs to be able to justify doing so in terms of each school having a robust plan to recover from its deficit. The scheme of delegation allows for deficit budgets, but only for three years, and no more than 20% of the school's budget share, up to a maximum of £750,000. There is a risk of legal challenge from the Department for Education if this statutory function is neglected. When making decisions in relation to the budgets of schools in financial difficulty, the educational needs of children are balanced against the approach to deficit reduction and the longer-term prospects for effective educational and financial outcomes.

Procurement

None

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Cabinet

8 July 2020

**Overview and Scrutiny Review of
Elective Home Education in County
Durham**



Report of John Hewitt Corporate Director of Resources

**Councillor Heather Smith, Chair of Children and Young People's
Overview and Scrutiny Committee**

Electoral division(s) affected:

None

Purpose of the Report

- 1 The purpose of this report is to present for comment the Children and Young People's Overview and Scrutiny Committee's review report focusing on Elective Home Education in County Durham. A copy of the report is attached at appendix 2.

Executive Summary

- 2 The Children and Young People's Overview and Scrutiny Committee agreed at its meeting on 2 July 2018 to undertake a scrutiny review looking at elective home education in County Durham. The following terms of reference were agreed by the committee at its meeting on 1 July 2019:
 - a) to understand the level of EHE in County Durham and examine the demographics of children home educated;
 - b) to consider whether children who are home educated receiving a suitable education;
 - c) to consider whether children home educated supported, safeguarded and protected from harm;

- d) to review how the local authority works in partnership with other agencies to support children who are electively home educated.
- 3 The review group gathered evidence from DCC officers; colleagues working in health service; Durham Police; and parents who are or have home educated their children.
- 4 The executive summary of the review report can be found on pages 2 – 5 of the appended report and makes conclusions relating to:
- a) the number of children in County Durham who are home educated;
 - b) there is currently no national framework in place for local authorities so support may differ from one local authority to another;
 - c) the education at home panel has worked with three further education colleges to provide opportunities for EHE children of year 10/11 age group to have access to core GCSE subjects and vocational courses.
 - d) all schools should have a high level of understanding of special educational needs and disabilities and where necessary training should be given to staff;
 - e) parents should be asked the reasons why they chose to remove their child from the school roll and this should be included in the Head Teacher report and discussed at governor meetings.
 - f) Parents suggested an annual event should be held that would enable them to meet with other families who home educate; officers from the service and for children to meet up too.
- 5 The report will be considered by the Children and Young People's Services Management Team and the service will be asked to provide a response to the report.

Recommendation(s)

- 6 Cabinet is recommended to:
- a) Agree the recommendations contained in the review report:
 - i. Recommendation One
That Cabinet lobby regionally and nationally for a common framework to improve oversight of the quality of education and safeguarding of children and young people who are Elective Home Educated. That such a framework should include a national register of all children and young people who are home

educated; and the reasons why children are home educated are recorded.

- ii. Recommendation Two
The Corporate Director of Children and Young People's Service continue to work with the Principals of Further Education Colleges in County Durham to provide places to enable access to vocational and core GCSE courses for year 10 and 11 pupils who are electively home educated and develop capacity to ensure all children and young people who are electively home educated have the opportunity to access these courses.
 - iii. Recommendation Three
The Corporate Director of Children and Young People's Services work in partnership with all County Durham's schools to promote a high understanding of Special Educational Needs and Disabilities including autism and encourage all schools to provide appropriate training to staff so that children and young people with a special educational need or disability receive the appropriate level of support whichever school they attend.
 - iv. Recommendation Four
That the Corporate Director of Children and Young People's Services develop a reporting model that will encourage all schools to include within their Head Teacher report to the Governing Body on an annual basis:
 - i. Discussion of reasons given for Elective Home Education
 - ii. Where bullying is cited as a reason that this is discussed
 - iii. Ensure that anti-bullying policies are continuously reviewed.
 - v. Recommendation Five
The Corporate Director of Children and Young People's Services to hold an annual event for families who home educate their children to engage with the service, meet other families in a similar position to themselves and for the children to have an opportunity to interact and socialise with other children who are home educated.
- b) That a review of the progress made against the recommendations contained in this report will be undertaken six months after the report is considered by Cabinet.

Background

- 7 Elective home education is a term used to describe a choice by parents to provide education for their children at home or in some other way they choose instead of sending them to school.
- 8 The Children and Young People's Overview and Scrutiny Committee (CYPOSC) agreed at its meeting on 2 July 2018 to undertake a review on Elective Home Education (EHE) in County Durham following concerns being raised at the rise in numbers of children being educated at home. A scoping report for the review which included the terms of reference was agreed by the committee at its meeting on 1 July 2019.
- 9 Members of the committee had raised concerns at the rise in the number of children being educated at home and wanted to gain a better understanding of the reasons for this.
- 10 The Education Act 1996 provides that: "The parent of every child of compulsory school age shall cause him/her to receive efficient full-time education suitable –
 - a) To his/her age, ability and aptitude, and
 - b) To any special educational needs, he/she may have. Either by regular attendance at school or otherwise."This means that the responsibility for a child's education rests with their parents. In England, education is compulsory, but going to school is not.
- 11 There is currently no legislation that deals with home education as a specific approach, but it is a form of 'education otherwise than at school' for the purposes of section 7 of the 1996 Education Act.
- 12 The Department for Education recommends that local authorities have a written policy statement on elective home education which is clear and transparent; offer guidance to all known home educating families; regularly review their home education policies and provide clear details of their complaints procedure that deals with complaints in a sensitive and timely manner. Some local authorities operate a voluntary registration scheme to provide support more readily. However, it is not a legal obligation for either local authorities or parents.
- 13 Durham County Council provides a guide to EHE that explains what the local authority must do if parents choose to home educate their child and what parents must do. It explains that the local authority will work in partnership with parents throughout if they choose to home educate their child.

Conclusions of review

- 14 The review group looked in detail at the policies and practices the service has in place to support children and their families who choose to educate at home. They clearly set out the rights and responsibilities of parents and the responsibilities of the local authority. In addition to this information there is a specific guide for parents and carers that provides signposting to help and support them.
- 15 When a parent chooses to home educate their child, they are not required to inform the local authority of their decision although government guidance does strongly recommend that parents notify the local authority.
- 16 There is no legislation relating to the support local authorities are required to give, and this has led to different levels of support provided by local authorities throughout England. Members of the review group felt that a common national framework and a review of national guidelines would ensure that local authorities were providing a similar support to families.
- 17 Members learned of multi-agency partnership working that has led to the formulation of the education at home group which has representatives from DCC services and external partners from Police and Health. The safeguarding and information sharing arrangements through the education at home group are as robust as they can be without a national regulatory and legislative framework. The group work together to ensure EHE children are seen and to establish a family link officer best suited to the needs of that family. Through the education at home group work has been done with local further education (FE) colleges to provide access to core GCSE and vocational courses. Members felt that discussions should take place with the remaining colleges in the county to develop a similar offer.
- 18 Primary research was carried out with parents who chose to home educate their child. Parents indicated in their experience there were differing levels of support for children with special educational needs and disabilities (SEND) within schools. Members suggested that all schools should have a similar high level of understanding of SEND and that appropriate training should be provided to all staff where necessary.
- 19 Although there was a low response to the survey with only 7% of consultees returning the questionnaire, most of those returned highlighted bullying as a reason why a child was removed from a school. Members felt that schools should ask parents the reasons why they are removing their child from the school roll and this should be included in the Head Teachers report for discussion with the governing body and anti-bullying policies should be continuously reviewed.

- 20 Many parents who responded to the questionnaire and in face to face interviews highlighted the benefit of engaging with the service and with other parents in a similar situation. The service also states the importance for children who are home educated to be seen. Therefore, members suggested that an annual engagement event should be arranged so that parents and children can have access to officers for support and advice as well as each other and that children can interact and socialise with other children.

Service Response

- 21 In relation to recommendation one, the service recognises that the DfE guidance issued to Local Authorities in April 2019 emphasises the proactive duties of Local Authorities to identify and deal with children who are not receiving efficient, suitable full-time education and to serve notice on parents who are not carrying out their duties. The guidance also provided some clarity on oversight by the Local Authority.
- 22 Between April and June 2019, the DfE consulted with Local Authorities to seek views on proposed legislation to establish a register maintained by Local Authorities of children not attending mainstream school and duties on parents and the proprietors of certain educational settings. It also consulted on proposed legislation to establish a duty to support parents who educate children at home and seek support from the Local Authority in doing so. The DfE continue to analyse feedback from the consultation and have not yet published a response.
- 23 Locally, the Local Authority work closely with school health and other colleagues in order to ensure that the statutory duty to identify compulsory school age children who are not in receipt of an efficient, suitable full-time education is met and this requires identification of how children are being educated. Officers meet with parents to identify the reason(s) for electing to home educate and regularly scrutinise data to consider any potential trends in order that the Local Authority may continue to structure and target support and intervention activity to meet need.
- 24 In relation to recommendation two, locally there is a good breadth of arrangements in place with two local 14-16 colleges who offer GCSE Maths, English and Science plus one vocational option for young people who are year 10 and 11 and educated at home. There are also other local 14-16 provisions who offer part-time arrangements for educated at home pupils. The Progression and Learning Team are continuing dialogue with other 14-16 colleges and other providers in the local area to consider capacity for electively home educated young people where possible whilst being mindful about balancing this alongside the promotion of the inclusion and prevention agenda within schools.

- 25 In relation to recommendation three, Children and Young People's Services work in partnership with schools to ensure that the training offer relating to Special Educational Needs and Disabilities is accessible, comprehensive and well communicated. The service will ensure that all schools are encouraged to provide appropriate training to staff to ensure those with SEND continue to receive an appropriate level of support.
- 26 In relation to recommendation four, children and young people's services will develop a good practice reporting tool / template to encourage schools to include in Head Teacher's reports to the governing body the reasons provided for elective home education (if reasons are provided by parents), good practice guidance that if bullying is cited as a reason for elective home education this is discussed and that school policies including anti-bullying policies are regularly reviewed.
- 27 In relation to recommendation five, the service intend to plan regular events for families who home educate alongside other professionals. There is also ongoing dialogue with local library services and culture and sport services about potential opportunities for those educated at home.

Conclusion

- 28 This report provides an overview of activity undertaken, key findings and recommendations within review group report contained in appendix 2.

Background papers

- None

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Appendix 1: Implications

Legal Implications

None

Finance

None

Consultation

None

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment is attached as Appendix 3.

Human Rights

The United Nations Convention on the Rights of the Child have formalised that all children have the right to an education.

Climate Change

None

Crime and Disorder

None.

Staffing

None

Accommodation

None

Risk

None.

Procurement

None.



Children and Young People's Overview and Scrutiny Committee Review of: Elective Home Education in County Durham

April 2020

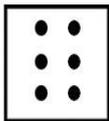
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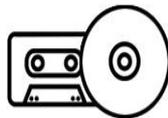
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Chair's Foreword



All children have a right to an education and this right is formalised in the United Nations Convention on the Rights of the Child. But it is more than just a right to education; it is also about developing a child's talents and abilities to the full and encouraging the child's respect for themselves, their environment and others.

In July 2018 members of the Children and Young People's Overview and Scrutiny Committee agreed to undertake a review of Elective Home Education. Members were concerned at the increase in numbers of children being educated at home, were interested to understand more about the reasons for this increase, and wanted to ensure that these children were receiving an efficient, full-time education suitable to their age and ability, and that they were effectively safeguarded from harm.

The review group wanted to consider the legislative framework for home education, look at the policies and practices in place for children being educated at home in County Durham, compare local practice with the national picture and to understand how partnership working protects children who are educated at home and improves their education.

In reaching our recommendations, we have considered evidence provided directly from parents and carers, alongside a review of national and local policies and procedures and data.

The views of parents and carers have been paramount to our review and will continue to be in implementing changes to our services.

I would like to take this opportunity to thank all of those involved with the review including members of the review group; officers of the council and partners and those parents who took the time to complete the questionnaire and those who met with me.

Cllr Heather Smith

**Chair of Children and Young People's
Overview and Scrutiny Committee**

Executive Summary

- 1 Members of Children and Young People's Overview and Scrutiny Committee agreed to undertake a review of Elective Home Education (EHE) at their meeting on 2 July 2018 following member concerns at the growing number of children being home educated.
- 2 At its meeting on 1 July 2019 the Committee agreed the scope of the review would follow four key lines of enquiry:
 - The level of EHE in County Durham; a data overview including location; age; gender and ethnicity analysis
 - Whether children being home educated are receiving a 'suitable' education
 - Whether children being home educated are supported, safeguarded and protected from harm
 - How the Local Authority works in partnership with other agencies
- 3 The review group gathered evidence over five meetings. Feedback from parents and carers was a key review area. One meeting was an informal focus group with a parent and grandparent who had electively home educated their children or grandchildren respectively. Additionally, parents on the elective home education database were asked to complete a short questionnaire that asked why they chose to educate their child at home.
- 4 The review group found that in England, the responsibility for the education of a child rests with their parents. Education is compulsory but going to school is not. The legislation is not a framework for regulation of elective home education it is a system for identifying children and ensuring they are receiving a 'suitable' education.
- 5 When a parent chooses to remove a child from school to home educate, they are free to do so. Parents take on full responsibility for their child's education including all financial responsibilities. Any funding allocated to a school will not be passed on to a parent or to the local authority, though there are exceptions for children who have an Education, Health and Care Plans (EHCPs). Parents are responsible for ensuring that the education provided is full time and suitable to the child's age, ability and aptitude and any Special Educational Needs (SEN) they may have.

- 6 In County Durham 0.5% of the population of school aged children and young people are receiving an elective home education. This equates to 400 out of an approximate 74,000 school aged children and young people living in County Durham in 2018.
- 7 Where a child has never attended school, the service only becomes aware of a child being educated at home if their parents choose to tell the local authority or if other services inform the local authority.
- 8 There is currently no national framework in place for local authorities to work to in relation to elective home education. Some families are reluctant to engage with local authorities which makes it difficult for children's progress to be monitored. Members felt that a national framework should be developed including a national register and a requirement for parents to disclose their reasons for removing their child from the school roll. This would help schools to address issues such as bullying and provide parents with greater support.
- 9 Not all local authorities offer the same level of support to families. Durham County Council have clear policies and procedures in place to ensure that appropriate checks are made and that children are receiving a "suitable, efficient and full-time education". DCC provide training to other local authorities in the region on how they manage elective home education. There are also safeguarding arrangements in place to ensure that children who are home educated are seen by officers of DCC or partner agencies. Members felt that these safeguarding arrangements are as robust as they can be without a national regulatory and legislative framework.
- 10 Evidence indicates that in recent years there has been a significant increase in the number of children receiving an elective home education with numbers doubling since 2012. During 2018/19 there was a 5% rise in the number of children home educated in County Durham compared to the previous year. The increase nationally was 20%.
- 11 The demographic of children who are home educated is largely white British, which is in keeping with County Durham's population. Sixty-two children were known to be from Gypsy Roma Traveller (GRT) communities. Most of the children on the database had previously attended school and the gender split was equal. There was no specific

area in County Durham where EHE was more prevalent, but numbers tend to be in built up or urban areas.

- 12 Evidence indicates that a higher proportion of children with Special Educational Needs and Disabilities (SEND) are being electively home educated. Members were concerned that the number of children with SEND are over represented in the EHE cohort and want to ensure that schools have a high level of understanding of SEND to support mix pupils in school and that all staff receive training where appropriate.
- 13 The Council's Education at Home Group who support families who are home educating have worked with partners from Bishop Auckland College; East Durham College and East Durham Houghall College to enable young people who are home educated in year 10/11 age group to access vocational and core GCSE courses. Members felt that discussions should take place with the remaining colleges in the county to see if similar arrangements could be made with them.
- 14 Primary research carried out with parents who home educate identified issues with bullying as a key driver for EHE, opportunities for building stronger engagement between home educating parents and the need to improve SEND training for staff in schools.
- 15 Although there was a low response to the survey, with only 7% of respondents returning the questionnaire most of those returned highlighted bullying as a reason why a child was removed from a school. Members felt that schools should ask parents the reasons why they are removing their child from the school roll and this should be included in the Head Teachers report for discussion with the governing body and anti-bullying policies should be continuously reviewed.
- 16 The majority of parents who responded to the questionnaire and in face to face interviews highlighted the benefit of engaging with the service and with other parents in a similar situation. The service also states the importance for children who are home educated to be seen. Therefore, members suggested that an annual engagement event should be arranged so that parents and children can have access to officers for support and advice as well as each other and that children can interact and socialise with other children.

17 Parents also indicated that in their experience there were differing levels of Special Education Needs and Disabilities (SEND) training within the county's schools. A school's responsible body must ensure that the school upholds its duties as set out in the Equalities Act 2010. Durham County Council provides a comprehensive workforce development offer available to all education providers. Members felt that schools should be encouraged to provide effective training for SEND including autism, to staff to ensure that children and young people with a SEND receive the same level of support.

Recommendations

Recommendation One

That Cabinet lobby regionally and nationally for a common framework to improve oversight of the quality of education and safeguarding of children and young people who are Elective Home Educated. That such a framework should include a national register of all children and young people who are home educated; and the reasons why children are home educated are recorded.

Recommendation Two

The Corporate Director of Children and Young People's Service continue to work with the Principals of Further Education Colleges in County Durham to provide places to enable access to vocational and core GCSE courses for year 10 and 11 pupils who are electively home educated and develop capacity to ensure all children and young people who are electively home educated have the opportunity to access these courses.

Recommendation Three

The Corporate Director of Children and Young People's Services work in partnership with all County Durham's schools to promote a high understanding of Special Educational Needs and Disabilities including autism and encourage all schools to provide appropriate training to staff so that children and young people with a special educational need or disability receive the appropriate level of support whichever school they attend.

Recommendation Four

That the Corporate Director of Children and Young People's Services develop a reporting model that will encourage all schools to include within their Head Teacher report to the Governing Body on an annual basis:

- a) Discussion of reasons given for Elective Home Education
- b) Where bullying is cited as a reason that this is discussed
- c) Ensure that anti-bullying policies are continuously reviewed.

Recommendation Five

The Corporate Director of Children and Young People's Services to hold an annual event for families who home educate their children to engage with the service, meet other families in a similar position to themselves and for the

children to have an opportunity to interact and socialise with other children who are home educated.

Introduction

- 18 The Children and Young People's Overview and Scrutiny Committee agreed to undertake a review of Elective Home Education (EHE) in County Durham at its meeting on 2 July 2018 following member's concerns at the rise in the number of children being home educated. The terms of reference for the review can be found at appendix 1 of this report.
- 19 The aim of the review was to investigate Durham County Council's Elective Home Education offer and to follow four key lines of enquiry:
- a) The level of EHE in County Durham; data overview including location; age; gender and ethnicity analysis.
 - b) Children being home educated are receiving a 'suitable' education
 - c) Children being home educated are supported, safeguarded and protected from harm.
 - d) How the local authority works in partnership with other agencies
- 20 Elective home education is a term used to describe a choice by parents to provide education for their children at home or in some other way they choose instead of sending them to school.

Strategic Context

Legislation and Research

- 21 The Education Act 1996, section 7 states that the parent of every child of compulsory school age shall cause him to receive efficient full-time education suitable:
- a to his/her age and aptitude, and
 - b to any special education needs he/she may have, either by regular attendance at school or otherwise.
- 22 This means that the responsibility for a child's education rests with their parents. In England, education is compulsory, but going to school is not.
- 23 There is currently no legislation that deals with home education as a specific approach, but it is a form of 'education otherwise than at school' for the purposes of section 7 of the 1996 Education Act.
- 24 The Education Act 1996, section 436A states that local authorities must make arrangements to identify children not receiving education.

Section 437 makes provision that where a child of compulsory school age is not receiving suitable education, the local authority can take action to serve notice on parents to send their child to school and ultimately obtain a school attendance order to direct or instruct the parent to send the child to school. The school attendance order will remain in force until revoked by the local authority. Failure to comply with school attendance orders is a criminal offence and may be dealt with via an application for an Education Supervision Order to the family court.

- 25 In 2017 a private members Bill was introduced to make provision for local authorities to monitor the education, physical and emotional development of children receiving elective home education. In response to the Bill the Government published a call for evidence on issues connected with home education. Alongside the call for evidence the government published two guidance documents, one intended for local authorities and the other for parents. The Bill was withdrawn in October 2018.
- 26 Local authority guidance states that when a local authority becomes aware of a child of compulsory school age is not attending a state or independent registered school full time, and it is unclear how that child's education is being provided the local authority should consider that the child is being educated at home. In such cases the local authority is tasked to find out how the child is being educated and whether that education satisfies legal requirements.
- 27 The current legal framework is not a system for regulating home education per se or forcing parents to educate their children in any particular way. Instead, it is a system for identifying and dealing with children who for any reason and in any circumstances, are not receiving an efficient, suitable, full-time education.
- 28 Ofsted published a research summary in October 2019, Exploring Moving to Home Education in Secondary Schools. The summary makes recommendations to policy makers to consider the findings of the research before making legislative changes to home education and the importance of seeking children's views during decisions to home educate. The document makes recommendations to schools and local authorities that they should work together to:

- develop a clear process once a parent's intention to home educate is known;
- when a school writes a letter to remove a child on behalf of a parent this may be evidence of off rolling; and
- that it would be good practice for schools to provide parents with children's previous classwork.

29 In April 2019, the government published updated versions of their elective home education guidance documents for parents and for local authorities. Within the guidance it clearly states that when parents choose to home educate their children, they assume full responsibility for their children's education which includes financial responsibility. This, and the time involved in educating a child properly at home, form an onerous challenge for many parents.

30 Parents who chose to home educate their child must be aware that when they assume full financial responsibility of educating their child, the school will not receive funding once the child's name is removed. Local authorities do not receive any additional funding to support families that home educate except in relation to high needs Special educational Needs (SEN) and the level and type of support will vary from one local authority to another. The Department for Education (DfE) recommends that local authorities adopt a consistent, reasonable and flexible approach in this respect. As a minimum the DfE recommends that local authorities provide written information on elective home education that is clear and accurate and sets out the legal position.

31 From April 2019 to 24 June 2019 the government held a second consultation that sought views on proposed legislation to establish:

- A duty on local authorities to maintain a register of children of compulsory school age who are not registered at a state-funded or registered independent school.
- A duty on parents to provide information to their local authority if their child is within scope of the register.
- A duty on education settings attended by children on the register to respond to enquiries from local authorities about the education provided to individual children.
- A duty on local authorities to provide support to home educated families if requested by such families.

The feedback from this consultation is still being analysed by government.

Local Context

- 32 According to the Office of National Statistics (ONS) there were 101,040 children and young people aged 0-17 living in County Durham as at 2018. Of that 101,040, 5.1% or 27,021 were aged 0-4 and the remaining 74,019 were aged 5-17. Of these children, approximately 0.5% or 397 were registered as being home educated.
- 33 Durham County Council has in place a policy and procedures document that clearly sets out the rights and responsibilities of parents and the responsibilities of the local authority relating to elective home education that mirrors government guidance. In addition to this information Durham County Council also has a specific guide for parents and carers that provides signposting to help and support them.
- 34 When a parent informs a school that they intend to educate their child at home, the school removes the child's name from the school roll immediately and informs the local authority. This is the same procedure if the school is local authority maintained or an academy.
- 35 In order to determine if a child who is home educated is receiving a suitable education the local authority must ask parents to provide details of their child's education.
- 36 Parents can decide to educate their children at home for a variety of reasons and in engaging with parents the education at home group take these reasons and individual situations into consideration. Durham's education at home group includes specialist officers who can provide tailored information and support to families.
- 37 Furthermore, the education at home group has representation from DCC's Education Services, Early Help, Inclusion and Vulnerable Children Services, Children's Services and Health partners. There are also virtual panel members that include Durham Constabulary, MASH Education Officer, Regeneration and Local Services, and Education Psychology Service.
- 38 The Education at Home Group meets regularly. Its safeguarding procedures are well established, including a 'child not seen' rolling

programme which has built in escalations for officers from the Education at Home Group and ultimately result in police visits.

Elective Home Education in County Durham

- **The service has clear policies and procedures that go beyond statutory requirements.**
- **A national framework would help local authorities carry out the checks needed to ensure that a child is receiving a 'suitable' education and is safe.**
- **The service is only aware of children who have never attended school being home educated if the parents or other services tell them.**
- **It is difficult for the service to monitor children whose parents do not engage.**
- **The service has worked with three further education colleges in County Durham to provide access to core GCSE subjects and vocational courses for children who are home educated in County Durham.**

39 Parents are not required to inform the local authority of their decision to educate their child at home. Government guidance does strongly recommend that parents do inform the local authority when they intend to educate their child at home, but some parents are reluctant to engage with the service which results in difficulties in monitoring these children. Providing this information to the local authority allows them to put in place support and to ensure that any necessary checks are carried out. There is no legislation relating to the support local authorities are required to give. This has led to different levels of support being provided by local authorities throughout England. Members felt that a review of national guidelines and a common national framework would ensure that local authorities were aware of children being educated at home in their areas and allow the monitoring of education received and safeguarding checks to be carried out.

- 40 Durham County Council have held a database of children registered as receiving elective home education for over five years and when families relocate the information is passed to their new local authority.
- 41 For children within the school settings as soon as the service is aware of a problem such as issues with bullying, the team provide advice and work together with parents and the school to try to resolve the problem before it could escalate to EHE. However, in many cases parents do not give a reason for removing their child from the school roll until after the event.
- 42 Where a child is on the roll of a special school, parents must seek the approval of the local authority prior to home education. In these cases, there remains contact with the child via an Educational Psychologist.
- 43 When a child becomes electively home educated the Education at Home Group arrange a visit either in the child's home but if that is not convenient a meeting will be held in the local community. The venue for the meeting is tailored to the needs of the child/family. The child is always invited to attend the meeting to ensure the voice of the child is recorded.
- 44 The only way for the Education at Home Group to establish that the child is receiving a 'suitable' education is to ask parents to provide details. The Education at Home Group request a proposal that outlines how and what education will be provided and request examples of the child's learning. This can be actual work the child has been undertaking or a detailed report stating the education received/receiving. Depending upon the results provided the service may need to intervene if it appears that the education provided is not suitable, fulltime or efficient.
- 45 Some children are educated in part at school and in part at home. This is known as flexi schooling. However, some schools are reluctant to encourage flexi schooling because this impacts on their performance and attendance levels because the days when a child is not in school, they are marked as absent.
- 46 DCC's Education at Home Group have worked closely with further education colleges to get better outcomes for home educated children. Further Education (FE) colleges can access funding that enables these

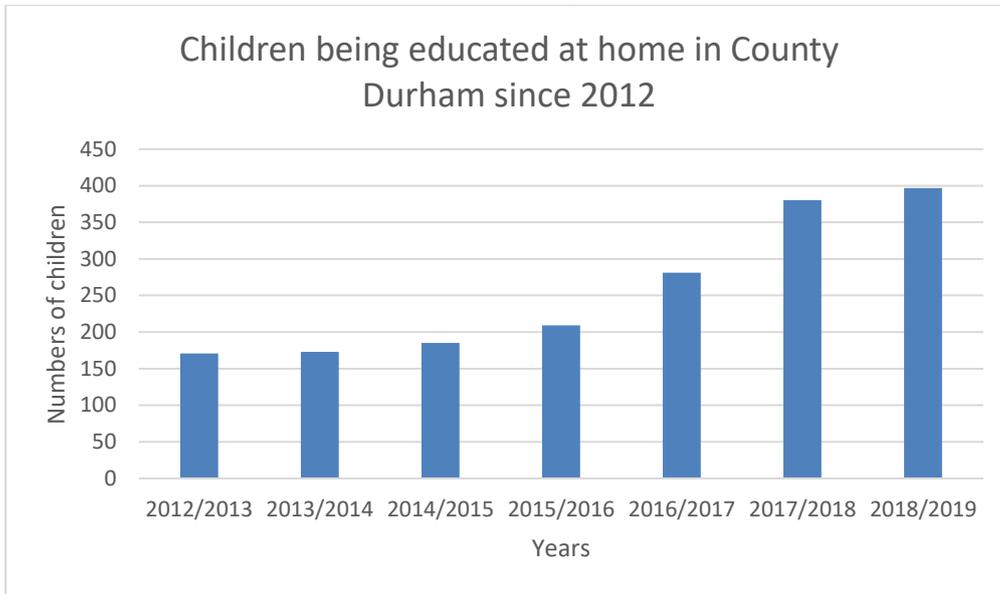
children to have access to free examinations to enhance their progression, to increase their socialisation and wellbeing. County Durham colleges are leading the way on this type of education and 40 of the year 10/11 pupils on the database are on the roll at one of three FE colleges in County Durham.

The legal system can be used in the form of School Attendance Orders if a parent does not cooperate after all reasonable attempts have failed. Durham County Council is rigorous in its procedures, during 2018/2019 52 meetings were held with parents, 36 notices of intent were delivered and from these three school attendance orders were executed. One school attendance order led to a prosecution and fine.

Demographics of County Durham Children being Home Educated

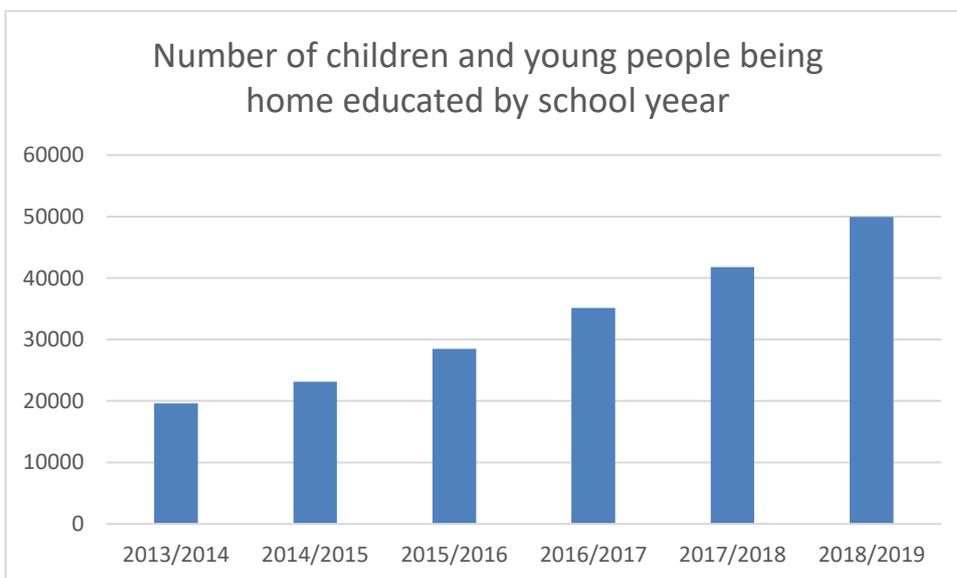
- 47 The number of children and young people in County Durham who are educated at home is rising and this mirrors the national trend. However, as a proportion of the total population of children and young people in the county those who are electively home educated remains low at 0.5%.
- 48 At the time of the review there were approximately 397 children in County Durham educated at home. Of this number, 20 had an Education, Health and Care Plans (EHCP), 90 had Special Educational Needs support; 9 had school action and 12 had school action plus, the remaining 266 had no identified special educational need. School action and school action plus is old SEND terminology which is indicative of children who have been on the database for a long time
- 49 Members were concerned that the number of children and young people with special educational needs and disabilities in the electively home educated cohort is overrepresented and suggested that this could be because of the pressures on schools and the high needs block. County Durham's health needs assessment states that one in seven children in the County have special educational needs. However, the evidence identifies that nearly one in three children who are home educated in County Durham have special educational needs.
- 50 Since 2012 the number of children educated at home has more than doubled. During 2012/2013, 2013/2014 and 2014/2015 the number of home educated children was under 200. During academic years

2015/2016 and 2016/2017 the number of children being educated at home continued to rise to 281 and during academic years 2017/2018 and 2018/2019 there were significant rises in EHE numbers to 380 and 397 respectively. These later rises could be attributed to changes in the GCSE framework and the increase in actions against parents who take their children out of school for holidays.



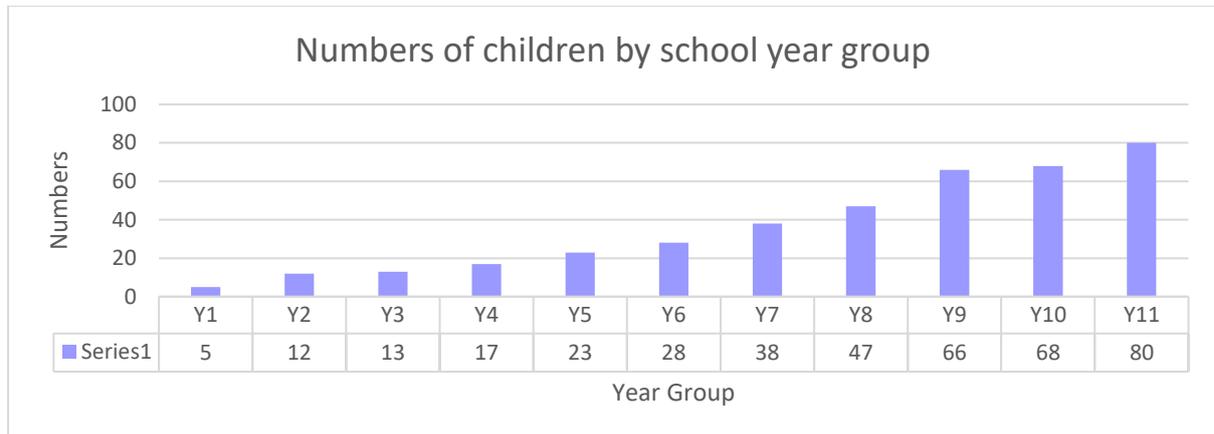
Source: Information provided to review group meeting on 11 September 2019

51 A survey by the Association of Directors of Children’s Services (ADCS) carried out among local authorities to better understand the volume and characteristics of children known to be home schooled. The chart below gives an indication of their findings in relation to the national trend which gives a similar trajectory to DCC’s figures.



Source: ADCS Elective Home Education Survey 2019

52 Of the 397 children in County Durham who are registered as being home educated there is a significant rise when a child gets to secondary school age with two thirds of the total number of children being home educated in the secondary school age group with the largest proportion of them are in years 10 and 11. Forty of these year 10 and 11 aged children on the database are attending college on a part-time basis.



Source: Information given to review group meeting 11 September 2019

53 Most of the home educated children on the register describe their ethnicity as white British and while 62 of the children are known to be from Gypsy Roma Traveller (GRT) families only 35 stated their ethnicity as GRT.

54 The gender breakdown is even, less than 5 of the children registered as EHE are recorded as being a Child in Need or having a Child Protection Plan and 84% of those children on the EHE database have previously attended school.

55 The location of children on the EHE database is mostly in built up and urban areas across county Durham.

Children Home Educated who have Special Educational Needs

56 The review group heard that where a child has an Education, Health and Care Plan (EHCP) and the parents are interested in home education, an emergency Statutory Annual Review is held. Parents will be invited to a meeting to discuss the reasons why they are interested in home education, whether any issues they have with the school can be resolved and are given information about what help and support is

available from the local authority. The local authority asks parents to provide an initial proposal outlining how they intend to meet the child's needs as set out in the EHCP. If the child has been attending a special school, these proposals must be agreed by the local authority before the school can remove them from their roll.

57 If the EHCP gives the name of a school or the type of school where the child will be educated and the parents decide to home educate, the local authority does not have to make the special educational provision set out in the plan provided it is satisfied that a parent's arrangements are suitable.

58 Children with an EHCP require a higher level of support. In County Durham approximately 5% of children registered as being educated at home have an EHCP, and a further 28% had special educational needs support. There is a large cohort of children in County Durham with special educational needs and who have access to additional resources provided in schools who may or may not have additional funding. Evidence suggests that some parents of children with SEN have perceptions of a lack of support in school.

59 Under section 61 of the Children and Families Act 2014, there is a clear distinction between elective home education where the parents of a child arrange their home education and 'education otherwise' where local authorities arrange special educational provision in a child's home.

60 Of the 27 parents who responded to the survey, many parents indicated their reasons to home educate their child was because they felt mainstream schools were not meeting the special educational needs of their child. The parents also highlighted that an outcome of home educating their children is they have more confidence

61 A school's responsible body must ensure that the school upholds its duties as set out in the Equalities Act 2010. Durham County Council delivers a comprehensive workforce development offer in relation to SEND and inclusion which is available to all education providers.

62 This is also highlighted in the Children's Commissioner report *Skipping School: Invisible Children* where the under identification of children's needs with conditions such as low-level autism, attention deficit

hyperactivity disorder (ADHD) or other conditions may present problems in the classroom and teachers do not have the training or support to diagnose these problems.¹

Recommendation One

That Cabinet lobby regionally and nationally for a common framework to improve oversight of the quality of education and safeguarding of children and young people who are Elective Home Educated. That such a framework should include a national register of all children and young people who are home educated; and the reasons why children are home educated are recorded.

Recommendation Two

The Corporate Director of Children and Young People's Service continue to work with the Principals of Further Education Colleges in County Durham to provide places to enable access to vocational and core GCSE courses for year 10 and 11 pupils who are electively home educated and develop capacity to ensure all children and young people who are electively home educated have the opportunity to access these courses.

Safeguarding and Information Sharing

- **The service has safeguarding and information sharing arrangements in place with partners that are as robust as they can be without a national regulatory and legislative framework.**
- **Members of the Education at Home Group provide multi-agency screening and appoint the person best placed to be the point of contact for each case.**
- **Some young people who are home educated have low level literacy and numeracy skills**

63 An unsuitable or inadequate education can impair a child's intellectual, emotional, social or behavioural development and may therefore bring child protection duties into play.²

¹ Children's Commissioner, Skipping School: Invisible Children, How children disappear from England's schools. February 2019

² Elective Home Education, Departmental guidance for local authorities, April 2019

- 64 The Children Act 2004, sections 10 and 11 give local authorities duties for promoting the wellbeing and safeguarding and promoting the welfare of children in their areas. This includes children educated at home as well as school. The general duties of local authorities in relation to safeguarding are the same for all children however they are educated.
- 65 The National Society for the Prevention of Cruelty to Children (NSPCC) briefing on Home Education³ highlights concern of children becoming invisible to authorities when they are home educated and call for a formal registration process for children electively home educated.
- 66 The guidance for local authorities indicates there is no proven correlation between home education and a safeguarding risk, but a child being educated at home is not necessarily seen on a regular basis by professionals such as teachers and therefore increases the chances that any parents who set out to use home education to avoid independent oversight may be more successful in doing so.
- 67 Working Together for Children 2018 states that information sharing is essential for effective safeguarding and promoting the welfare of children and young people and that practitioners should be proactive in sharing information. Evidence received indicates that DCC's Education at Home Group does this.
- 68 DCC's Education at Home Group meets regularly and has robust arrangements in place to ensure children who are home educated are seen. Multi-agency screening identifies a single point of contact who is the person best placed to visit a family who is home educating, they see and speak to the child, provide any additional information that is not already on file. All cross checks are collated, documented and recorded. Ultimately where a nominated contact has not been able to carryout these checks police will take a leading role.
- 69 Evidence indicates that information sharing protocols and tracking systems are in place and safeguarding procedures are well established. Suitability of education is scrutinised, and children's progress is monitored. However, the Education at Home Group do not have statutory duties in relation to monitoring the quality of home education on a routine basis unless there are safeguarding concerns. All families

³ NSPCC Home Educations: Learning from Case Reviews, March 2014

known to the local authority who educate at home are contacted on an annual basis to provide evidence of a suitable education. For those families who do not engage with the local authority informal routes are taken through the Education at Home Group to ensure that the child is seen. The Education at Home Group does not have powers to enter homes or see children for the purpose of monitoring the provision of EHE, police involvement would be taken when all other routes have failed. Members felt that these arrangements are as robust as they can be without a national regulatory and legislative framework.

70 It was identified by Ofsted in their recent inspection that DCC 'takes seriously its responsibilities to children who are being electively home educated.'⁴

Gypsy Roma Traveller Education Team

71 Liaison with Gypsy Roma Traveller (GRT) families is via DCC's GRT Education Team who have built excellent relationships with the families and provided support for those who are home educating their children. Evidence indicates that the GRT Education Team has engaged with GRT families and helped children to access college courses.

72 At the time of the review there were 68 children from GRT families on the register, which equates to 16% of all children on the database.

Specialist Progression and Learning Advisors

73 Children in school have an opportunity to seek independent careers advice but children being home educated would not have that support in place. DCC have Specialist Progression Advisers who work with young people to reduce their chances of not being in education, employment or training (NEET). They provide advice to year 10/11 age children and work closely with the family and young person to address and work to remove barriers that may have been the cause of being home educated.

74 They discuss exams and try where possible to get the young person into college, where the college can access funding unavailable to local authorities that is used, for example, for examinations. Young people who drop out of college are monitored and followed up on by the service.

⁴ Ofsted Inspection of DCC Children's Social Care Services published 21/10/2019

75 Members were concerned at the levels of literacy and numeracy of some young people who are home educated and how this would affect their future employment or further training. Colleges can offer different entry levels to accommodate students of all abilities.

Engaging with Families

- **In 2018 the service supported 68 children back into school full time.**
- **Schools should ask parents for their reasons to home educate and this should be included in the Head Teacher's report.**
- **School governing bodies should continuously review their anti-bullying policies.**
- **Views of parents indicate there is a variance in the understanding of SEND in schools.**
- **There is no evidence to suggest parents are removing their child from school to avoid exclusion.**
- **Parents have suggested an annual engagement day for families who home educate in County Durham to meet and have access to officers from the service.**

Reasons Why Parents Choose to Home Educate their Children

76 There are many reasons why a parent may choose to educate their child at home. Parents are not obliged to advise the service of their reasons and in most cases, parents do not give a reason as to why they are removing their child from the school.

77 Parents who responded to the review group's survey did state the reasons why they had decided to home educate their child. Reasons given for home educating in the survey ranged from children being bullied, special educational needs not being met, mental health issues parental choice and expulsion. A summary of the survey responses can be found at appendix 3.

- 78 The service advised that each school is required to have a bullying policy and they would advise parents to raise concerns they have about how a school has dealt with bullying issues through the school complaints procedure. However, the service does monitor trends in schools and where there are concerns or any patterns in relation to parents removing their children from school this would be addressed via reporting mechanisms to departmental and corporate management.
- 79 Some parents indicated in the survey they removed their child from school because their child's special educational needs were not being met by the school. If a child does not have an EHCP provision is made through SEN support. Many more children receive SEN support than have ECHPs.
- 80 If parents raise concerns about their child's former school in the initial meeting with the service, these concerns are investigated by the elective home education team.
- 81 The service asks schools to alert them if they receive prior information that a parent is considering home education. However, often the first time the school is aware of the parent's intentions is when they ask for the child to be removed from the school roll.
- 82 Members felt that schools should ask parents the reasons why they are removing their child from the school roll and this should be included in the Head Teachers report for discussion with the governing body and that school governing bodies should continuously review their anti-bullying policies.

Exclusions

- 83 Members raised concerns that parents may be taking their child off the school roll and educating at home if there was a risk of permanent exclusion from school. While there may be a correlation in the rise in the number of EHE and the overall rise in numbers of exclusions there is no evidence to support significant numbers of parents opting for EHE to avoid exclusions. DCC hold information on their database of one child who was excluded from school and is now being home educated.
- 84 The review group's concerns of schools "off rolling" pupils could not be substantiated as there was no evidence of this in County Durham

schools. The service advised that moves and transfers between schools were tracked and would be investigated and challenged.

Support to Families

- 85 As soon as DCC's Education at Home Group become aware of a child being home educated they write to parents asking to meet to discuss education proposals. At that meeting further arrangements are made relating to a submission date for evidence that the child is receiving a 'suitable' education, the officer will also highlight key areas within the Council's EHE guide. The meeting is also an opportunity for parents or children to ask any questions they may have. Through this engagement and support during 2018/2019 academic year the service's successful brokerage between parents and the Education at Home Group supported 68 children back into full time school education.
- 86 Should the parents not agree to a meeting, education proposals are requested in writing and child seen checks are carried out with other agencies.
- 87 The local authority has appointed a Vulnerable Groups Education Support Officer who provides support and assistance and works collaboratively with colleagues to assist in addressing key areas of concern relating to electively home educated children and young people and to ensure they are safeguarded and protected from harm.
- 88 As previously mentioned in paragraph 18, Durham County Council receives no additional funding to support families who have chosen to home educate their children. The rough costings for supporting these families equates to £188 per child based on 400 children registered as being electively home educated.
- 89 Parents in County Durham who choose to home educate their child have access to Durham Learning Resources (DLR), which is a high-quality schools library service that provides resources to support the curriculum and to promote learning. Parents can borrow 30 items for £60 or 15 items for £35 and could group together and share the items to reduce costs.

Views of Parents

- 90 The review group asked parents who educate their child at home to complete a short survey. The review group wanted to find out the reasons parents electively home educate their children and their views on the services to support them. The questions at appendix two were sent out to all the families known to the service. Of the 400 surveys sent out scrutiny received 28 replies.
- 91 Although there was a low response to the survey with only 7% of respondents returning the questionnaire most of those returned highlighted bullying as a reason why a child was removed from a school.
- 92 The survey is limited in that no checks that can be made to clarify the information supplied to substantiate any claims made. Where a parent is unhappy with how a school has dealt with an issue there are formal complaints procedures to be followed.
- 93 Analysis of the survey responses indicates that most of the families who responded, who home educate their children are appreciative of the support they receive from the service (13 indicated good or very good and 6 indicated bad or very bad). Although some parents indicated they could not form an opinion due to the little communication received from the local authority or because they were new to the process.
- 94 Most of the responses received were from families who had been home educating less than five years.
- 95 Some of the recipients did not return the survey but telephoned their answers into the scrutiny team. The responses that were telephoned in were supportive of the EHE team and used this form of communication to pass on information such as their child was now back in full time education.
- 96 Some of the telephone responses and survey responses indicated they would appreciate more engagement with the service and a suggestion was made of holding an engagement day where families could attend and have access to information and officers from the service. The children would be able to use it as a play date with other EHE children. This could also benefit the service as they will be able to see the children.

97 In addition to the survey, members of the review group also held a focus group with parents. However, due to unforeseen circumstances only two people attended this meeting. One was a parent who had home educated her children but who were now back in school. The other was a grandparent who was home educating her granddaughters. The parents advised that local social media groups were very negative about the service, but they had found the service to be both helpful and supportive. They highlighted that in their opinion there was little tolerance or understanding of people who were different in or out of school.

98 Parents indicated there was a variance in the understanding of autism in County Durham schools. A parent explained that she had removed her autistic son from a school because of the poor levels of support but following being home educated for a short period her son was now in another school that provided excellent levels of support. Members were concerned to hear this and felt that schools should provide training to their staff to ensure that there was a high level of support for all children and young people with a special educational need and disability including autism, They wanted to ensure that all children and young people with autism are adequately supported in school and that all county Durham schools have a similar high level of understanding of special educational needs and disabilities.

Recommendation Three

The Corporate Director of Children and Young People's Services work in partnership with all County Durham's schools to promote a high understanding of Special Educational Needs and Disabilities including autism and encourage all schools to provide appropriate training to staff so that children and young people with a special educational need or disability receive the appropriate level of support whichever school they attend.

Recommendation Four

That the Corporate Director of Children and Young People's Services develop a reporting model that will encourage all schools to include within their Head Teacher report to the Governing Body on an annual basis:

- a) Discussion of reasons given for Elective Home Education
- b) Where bullying is cited as a reason that this is discussed
- c) Ensure that anti-bullying policies are continuously reviewed.

Recommendation Five

The Corporate Director of Children and Young People's Services to hold an annual event for families who home educate their children to engage with the service, meet other families in a similar position to themselves and for the children to have an opportunity to interact and socialise with other children who are home educated.

Appendices

Appendix One: Terms of Reference

- 1 The review will examine the number of children who are home educated in County Durham, whether the figures have increased/decreased and the reasons for this. It will consider legislation and DCC policies and procedures in place to ensure children being EHE are receiving a suitable education and how the authority addresses issues with schools. The review group will also consider the number of attendance orders issued and pursued and whether levels have increased or decreased.
- 2 Information in relation to children with additional needs including Special Educational Needs and Disabilities (SEND); children known to children's social care and known to police who are educated at home will be considered by the review group.
- 3 The review will explore the extent of partnership working to safeguard children and finally the review will look at how the authority support children and families in relation to EHE.
- 4 The review will consider why families choose to home educate their children, what support is offered to them and what the outcomes are for children receiving education at home including funding implications.
- 5 The review will consider evidence from officers of the Council from Children & Young People's Services including representatives from education, Children's Social Care, Durham Police and children and families who home educate.

Objectives

- 6 The aim of the review is to investigate Durham County Council's Elective Home Education offer and follow four key lines of enquiry:
 - a) The level of EHE in County Durham; data overview including location, age, gender and ethnicity analysis.
 - b) Whether children being home educated are receiving a 'suitable' education
 - c) Whether children being home educated are supported, safeguarded and protected from harm
 - d) How the Local Authority works in partnership with other agencies.

Outcomes

- 7 It is expected that the following outcomes will be achieved from this review:
 - a) Greater awareness of the home education level in County Durham including how this is monitored, voluntary registration schemes and funding implications to families, schools and DCC.
 - b) An understanding of how partnership working, and data sharing improves and protects children being educated at home
 - c) An insight into the support provided to children and their families who choose home education.

Appendix Two: EHE Questionnaire

Please complete the questions below and return it in the envelope provided.

How long have you educated your child at home? _____

How many children do you educate at home? _____

What are your views on home schooling in County Durham? _____

Has your child ever attended school? Yes/No (please delete as appropriate)

Why did you choose to educate your child at home?

Do you feel the support from DCC Elective Home Education team is:

Very Good

Good

Neither Good or Bad

Bad

Very Bad

(Please tick which is applicable)

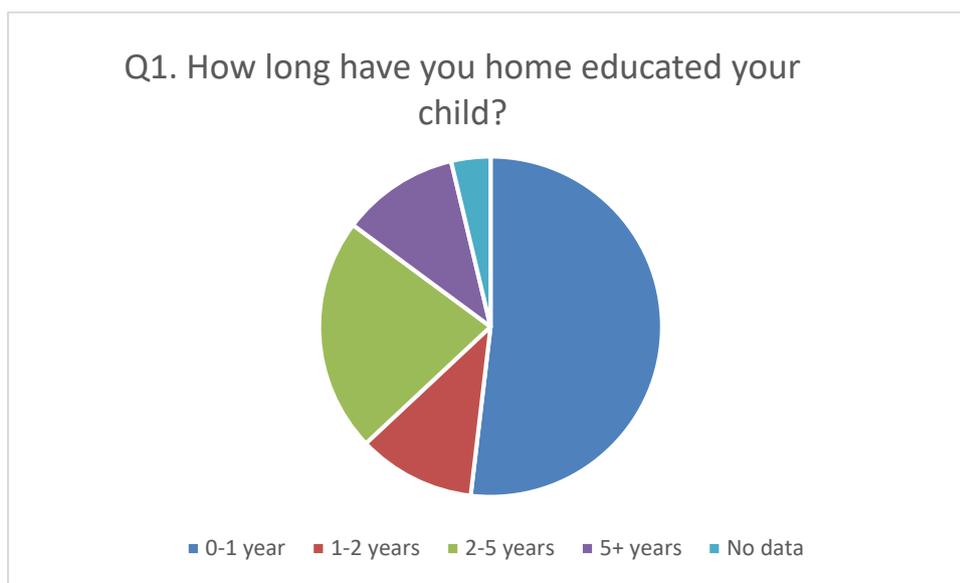
Why did you give that answer?

Thank you for taking part in the short survey your views are important to us and will be fed into our review.

Please return in the envelope provided or if you would like to email your response

Appendix Three: Analysis of EHE Questionnaire Responses

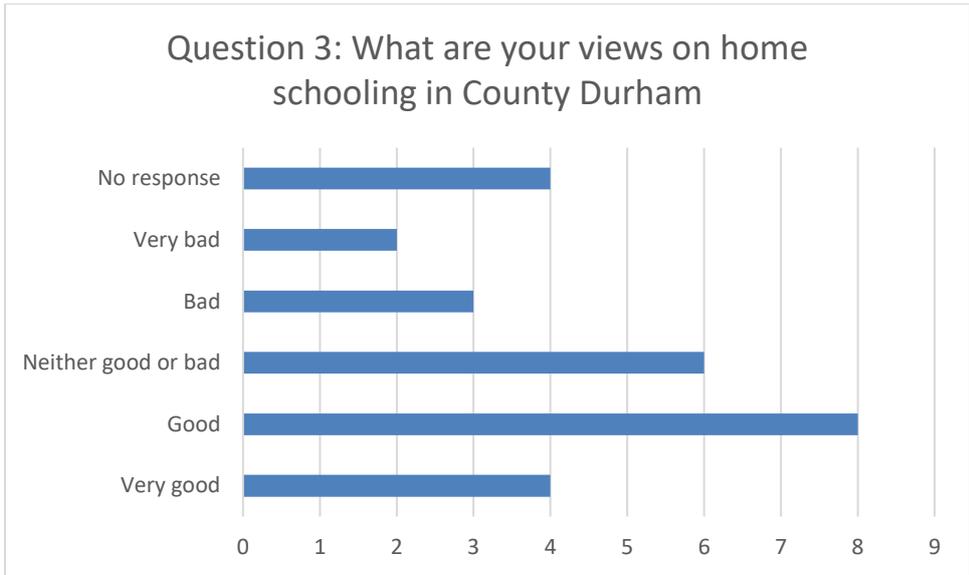
The questionnaire was sent out by the service to all of the families on their data base who educate their child at home. The number of responses to the survey received was 27. Below is a summary of their responses.



Over half of all respondents had started to educate their child at home in the last 12 months.

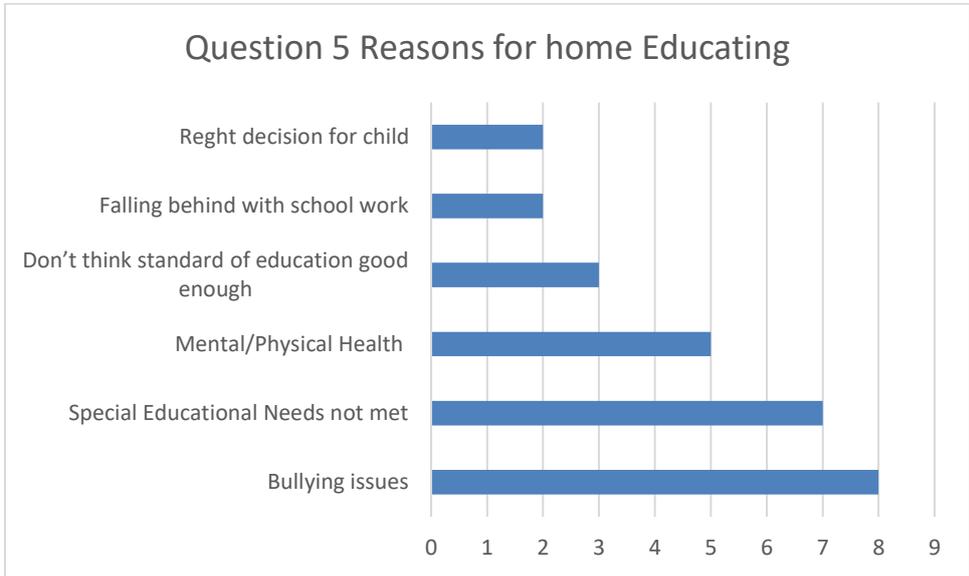
Responses to question two indicated that out of the 27 respondents 25 were educating one child at home, one was educating two children and one response supplied no data to this question.

Most parents indicated in relation to question three that their views on home schooling in County Durham was good or very good.

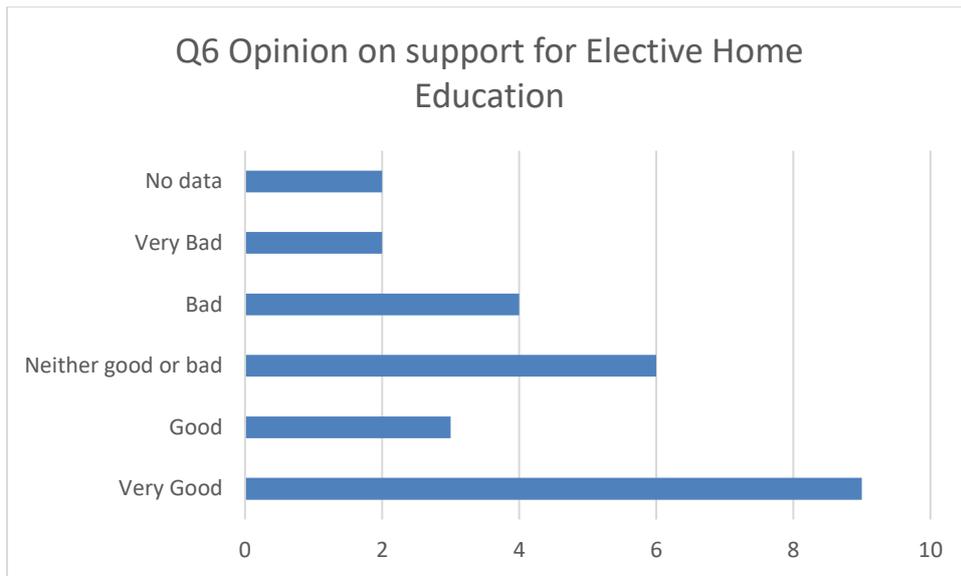


In response to question four asking if the child had ever attended school all but two of those who responded to the survey indicated that their child had attended school.

Question five asked the respondents why they chose to home educate their child at home.



Out of those parents who responded to the questionnaire bullying and special educational needs were the drivers for their decision to home educate which is in contrast with the reasons given in the ADCS Survey where philosophical or lifestyle choice was the most common reason for home educating.



Most of the respondents to the questionnaire indicated that their opinion on the level of support received from Durham County Council in relation to elective home education was very good.

Those parents that indicated they found the level of support very good advised that they felt they had received good advice. The visiting officers were understanding of the issues and provided information and sign posting to further information on educational materials. Those parents who gave the opinion neither good or bad indicated they had received no support to comment on. However, when this is compared to question one in relation to how long they had been home educating their child it can be concluded that the service

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	Resources/ Strategy – Overview and Scrutiny
Lead Officer	Tom Gorman
Title	Elective Home Education Review
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	8 July 2020
Start Date	September 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):

The purpose of the Scrutiny review was to gain an understanding of concerns associated with the number of children and young people in County Durham being educated at home following four key lines of enquiry

- a) The level of EHE in County Durham; data overview including location, age, gender and ethnicity analysis.
- b) Whether children being home educated are receiving a 'suitable' education
- c) Whether children being home educated are supported, safeguarded and protected from harm
- d) How the Local Authority works in partnership with other agencies.

The review highlighted that when a parent removes their child from school to educate at home, they are free to do so and take of full responsibility for their child's education including all financial responsibilities. Legislation is not a framework for regulation of elective home education but a system of identifying children and ensuring they are receiving a suitable education.

Without a national framework for local authorities and the reluctance of families to engage with the local authorities makes it difficult for a children's progress to be monitored. Not all local authorities provide the same level of support to families. Durham County Council has clear policies and procedures in place to ensure that appropriate checks are made. DCC provide training to other local authorities in the region on how they manage elective home education. DCC has robust safeguarding arrangements to ensure that children who are home educated are seen by officers of DCC or partner agencies.

Evidence indicates that in County Durham 0.5% of the school age population are receiving an elective home education. This equates to 400 out of an approximate 74,000 school aged children living in county Durham in 2018.

Parents have no requirement to provide a reason for removing their child from the school roll and it is the school who informs the local authority of the child's removal. Where a child has never attended school, the local authority may only become aware them being home educated if a parent chooses to tell them or if other services advise them.

Evidence indicates that in recent years there has been a significant increase in the number of children receiving an elective home education with numbers doubling since 2012. During 2018/19 there was a 5% rise in the number of children home educated in County Durham compared to the previous year.

The demographic of children who are home educated is largely white British, which is in keeping with County Durham's population. 62 children were known to be from Gypsy Roma Traveller communities. Most of the children on the service database had previously attended school and the gender split was equal. There was no specific area in County Durham where elective home education was more prevalent, but numbers tended to be built up in urban areas.

Evidence indicates that a higher proportion of children with Special Educational Needs and Disabilities (SEND) are being home educated and there was concern that children with SEND were overrepresented in the elective home education cohort.

The Education at Home Group support families who are home educating and work with partners from FE colleges to enable young people who are home educated from the year 10/11 age group to access vocational and core GCSE subjects.

Primary research carried out with parents who home educate indicated that bullying was a key driver for home education, opportunities for building stronger engagement between home and educating parents and the need to improve SEND training for staff in schools. Members felt that schools should ask why parents are removing their child from the roll and this should be included in the Head Teacher's report for discussion with the governing body of the school and anti-bullying policies should be reviewed continuously.

The primary research carried out also highlighted the benefits of engagement between the service and families in similar situation. Parents had also indicated in their experience there were differing levels of SEND training within the County's schools.

Within this context the review identified five recommendations:

Recommendation One

That Cabinet consider lobbying regionally and nationally for a common framework to improve oversight of the quality of education and safeguarding of children and young people who are Elective Home Educated. That such a framework should include a national register of all children and young people who are home educated; the reasons why they are home educated are recorded and for a review of the government's elective home education guidelines.

Recommendation Two

The Corporate Director of Children and Young People's Service continue to work with the Principals of Further Education Colleges in County Durham to provide places to enable access to vocational and core GCSE courses for year 10 and 11 pupils who are electively home educated and work toward developing capacity to meet the need to ensure all children and young people who are electively home educated have the opportunity to access these courses.

Recommendation Three

The Corporate Director of Children and Young People's Services work in partnership with all County Durham's schools to promote a high understanding of Special Educational Needs and Disabilities including autism and encourage all schools to provide appropriate training to staff so that children and young people with a special educational need or disability receive the appropriate level of support whichever school they attend.

Recommendation Four

That the Corporate Director of Children and Young People's Services develop a reporting model that will encourage all schools to include within their Head Teacher report to the Governing Body on an annual basis:

- a) Discussion of reasons given for Elective Home Education
- b) Where bullying is cited as a reason that this is discussed
- c) Ensure that anti-bullying policies are continuously reviewed.

Recommendation Five

The Corporate Director of Children and Young People's Services to hold an annual event for families who home educate their children to engage with the service, meet other families in a similar position to themselves and for the children to have an opportunity to interact and socialise with other children who are home educated.

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

Children who are educated at home and their parents, DCC staff from Children and Young People's Services, Partners in Durham Police, Durham and Darlington NHS FT.

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	Children may be home educated until 16 years of age.
Disability	N	Some of the children receiving a home education have special educational needs and disabilities and emotional and behavioural issues.
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	Some of the children receiving

		a home education are from Gypsy Roma Traveller communities.
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.

Negative impact is not anticipated as a result of the proposed recommendations.

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?

The recommendations will enable children in County Durham who are educated at home to have access to vocational and GCSE courses; for schools and governing bodies to discuss and address issues associated with reasons for parents choosing to electively home educate their children and for a consistent high level of support to be offered to children and young people with SEND in County Durham schools. The final recommendation is intended to encourage engagement between DCC and children and families who educate at home.

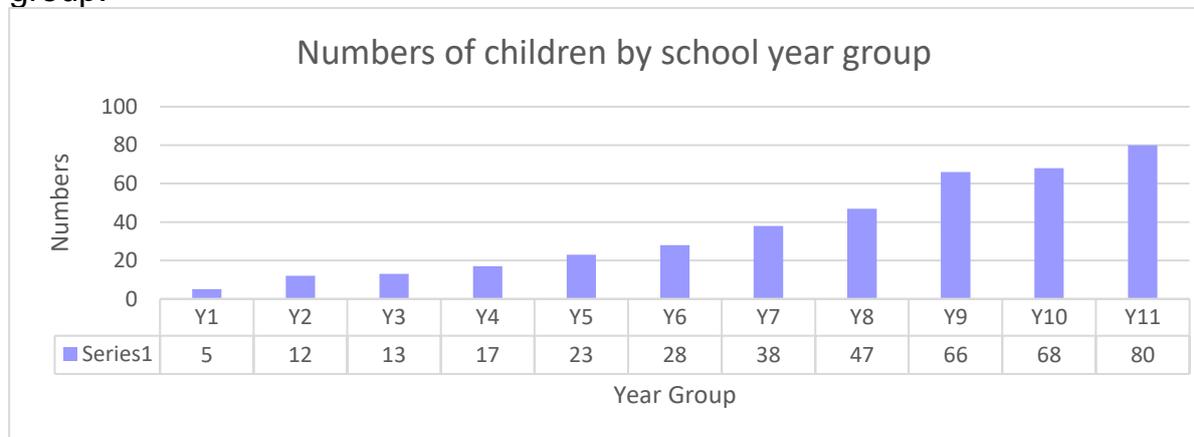
Evidence

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.

Evidence was received from Durham County Council’s Children and Young People’s Services and partners who make up the Durham Education at Home Group. In addition to evidence from these colleagues a short survey was carried out with parents known to home educate and a focus group was held with parents to get their views and experiences of home education in county Durham in relation to the support they receive from the service.

At the time of the review there were 68 children from Gypsy Roma Traveller families on the database, which equates to 16% of all children on the register.

The chart below gives an indication of the number of children by school year group.



Source: Information given to review group meeting 11 September 2019

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?	Individual EIAs will be undertaken by the relevant service grouping following agreement by Cabinet of any of the recommendations contained in the review report.
No evidence of actual or potential impact on some/all of the protected characteristics?	

Sign Off

Lead officer sign off: 	Date: 10/06/2020
Service equality representative sign off: Mary Gallagher, E&D Team Leader	Date: 11/06/20

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

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Cabinet

8 July 2020

**High Needs Block Funding
for SEND and Inclusion
Support**



Ordinary Decision

Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

John Hewitt, Corporate Director of Resources

Councillor Olwyn Gunn, Cabinet Portfolio Holder for Children and Young People's Services

Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report provides Cabinet with an update on spend and pressures on the High Needs Block (HNB) of the Dedicated Schools Grant (DSG), which supports Special Educational Needs and Disability (SEND) and inclusion support services for children and young people.
- 2 The 2019/20 financial outturn position is outlined, along with the proposed five-year financial plan that aims to ensure HNB spending is kept to within available resources and the deficit which accumulated within the HNB is recovered over this period.
- 3 The report also contains an update on key work areas and planned next steps with HNB sustainability work which is being done alongside support to learning providers and families and recovery planning as a result of the coronavirus outbreak.

Executive Summary

- 4 In recent years there have been enduring pressures on the High Needs Block (HNB) of the Dedicated Schools Grant (DSG) which provides funding for SEND and inclusion support services for children and young people.
- 5 A combination of ongoing austerity across the public sector, implementation of the SEND Reforms (2014) which increased support to cover children and young people from birth up to 25 years of age, and changing customer needs which are becoming more complex, meant there were insufficient resources to support children and young people with SEND and inclusion needs. This position is replicated in other local authorities and the Council has continued to feedback to the Government on spending pressures and request additional government funding for these services and local schools.
- 6 The final outturn position for the HNB in 2019/20 is a slightly improved position than previously reported to cabinet with an overspend of £8.6 million against the HNB DSG grant allocation, rather than the previously forecasted £9.4 million. The Council will fund £5.6 million of the overspend from its reserves and the balance of £3.0 million will increase the cumulative deficit position on the HNB reserve from £2.7 million to £5.7 million as at 31 March 2020.
- 7 Previous Government regulations required local authorities to submit a deficit recovery plan to the Department for Education (DfE) if their cumulative DSG deficit was in excess of 1% of their overall DSG grant allocation. For Durham this would have been if the cumulative deficit exceeded £3.9 million at the end of 2019/20. As Durham has positive DSG reserves relating to Early Years and de-delegated DSG of £1.9 million which offset the deficit of £5.7 million relating to the HNB, the net deficit position of £3.8 million would not have triggered the requirement for a deficit recovery plan to be submitted to DfE.
- 8 Despite the increase in Government HNB funding available for 2020/2021, previous forecasts showed there were insufficient resources to support predicted HNB expenditure in future years, and to bring the HNB deficit back into balance. To address this a five-year financial strategy was developed alongside continued work on the HNB sustainability plan work areas following the consultation period reported previously to cabinet. This seeks to reduce spending on HNB activity, try and ensure spending is kept to within the HNB resources available each year in future years and recover the HNB deficit by the end of 2024/2025.

- 9 The budgeted position for 2020/21 is that the additional Government HNB funding, along with a planned reduction of HNB expenditure in comparison to 2019/20, will mean that HNB expenditure is £0.2 million lower than the HNB DSG grant allocation in 2020/21 based on current forecasts of spending patterns.
- 10 Key elements of the sustainability plan work relate to the following areas which were subject to consultation and reported previously to cabinet:
- Centrally Managed Services
 - Special Schools
 - Top up Funding
 - Targeted Funding
 - Post 16 Funding
 - Funding support to Partnerships of Schools
 - Joint commissioning of therapies
 - Joint commissioning of equipment, aids and adaptations
 - Alternative Provision (AP) and the Pupil Referral Unit (PRU)
- 11 The report provides an update on each of these areas of work and covers where progress has been made, planned next steps and highlights that some areas of work are or may be disrupted due to the current coronavirus outbreak. It is also noted that the recovery period may be protracted in relation to some SEND support needs for children and young people.
- 12 Subject to cabinet approval, it is proposed that the SEND and Inclusion Resources Board continue to oversee the implementation of the work programme to deliver the proposed changes, the five year plan and any impact from the coronavirus outbreak. It is then planned to update cabinet again on HNB spend, forecasts and progress with key areas of work in winter 2020/21.

Recommendations

- 13 Cabinet are requested to:
- a) Note the final outturn position for HNB spend in 2019/20 along with the updated assumptions and forecast position for 2020/21;

- b) Agree to the proposed five-year financial plan for 2020/21-2024/25 which includes a deficit recovery plan for previous HNB overspend;
- c) Agree to the five-year plan being regularly reviewed and updated, including taking into account any impacts from the coronavirus outbreak and subsequent recovery period which may be protracted in relation to SEND support needs;
- d) Note the update on key areas of work outlined in the report and proposed next steps;
- e) Receive a further update on HNB spend, forecasts and progress with key areas of work to Cabinet in winter 2020/21.

Background

- 14 Cabinet received a detailed report in January 2020 which covered spending and pressures on the HNB of the DSG, an overview of findings from the three-month public consultation which took place in 2019 and recommendations for taking key work areas forward to seek to make the HNB more sustainable. This included work on a five-year financial strategy for 2020/21 – 2024/25 to support sustainability of the HNB and a financial recovery plan to bring the account back into balance by 2024/25.
- 15 The SEND and Inclusion Resources Board (SIRB) oversees the implementation of the work programme associated with this work and Cabinet agreed to receive a progress report in the summer.
- 16 The Council has continued to lobby the Government on the unfunded pressures facing the Council in recent years and work with other organisations such as the County Council Network and the Local Government Association in doing so. Durham County Council’s Cabinet Portfolio Holder for Children and Young People’s Services (CYPS) has written to the Secretary of State on several occasions¹ to continue to request additional government funding for local pressures in respect of supporting SEND and inclusion services in County Durham and resourcing schools. The latest correspondence was sent to the Secretary of State in early March 2020 following the last Cabinet report on SEND in January 2020 and the feedback received in the consultation period.
- 17 A detailed report on the HNB covering an update on funding, the proposed five-year plan, feedback on the Cabinet report and public consultation and a copy of the most recent letter to the Secretary of

¹ Previous Letters from Councillor Olwyn Gunn, DCC Cabinet Portfolio Holder for CYPS were sent to the Secretary of State in September 2018, October 2018, February 2019, May 2019 and August 2019

State was prepared and circulated to the Schools Forum for its March 2020 meeting. The March Schools Forum meeting did not go ahead due to the coronavirus outbreak and we have continued work on the priority areas where we can in the meantime but allowing for the priority needs relating to managing the coronavirus outbreak. A further update was provided for the Schools Forum meeting in June which went ahead as a virtual meeting.

- 18 It is recognised that the coronavirus outbreak and the subsequent recovery period is likely to mean some of the work on HNB sustainability and more broad SEND transformation work is disrupted and the highest priority is being given to supporting vulnerable children, their families and learning providers during this time. The SIRB is continuing to meet regularly through virtual meetings and its work will include taking into account any impacts from the coronavirus outbreak and subsequent recovery period which may be protracted in relation to SEND support needs.

2019/20 HNB Outturn Position and Accumulated Deficit

- 19 The position reported to Cabinet in January 2020 forecast that expenditure in 2019/20 would exceed the HNB DSG grant allocation by £9.4 million. The Council had previously agreed to fund £5.6 million of the overspend from its reserves and the forecast balance of £3.8 million would have increased the cumulative deficit position on the HNB reserve from £2.7 million to £6.5 million as at 31 March 2020.
- 20 The final outturn position for the HNB in 2019/20 is a slightly improved position with an overspend of £8.6 million against the HNB DSG grant allocation. The Council will fund £5.6 million of the overspend from its reserves and the balance of £3.0 million will increase the cumulative deficit position on the HNB reserve from £2.7 million to £5.7 million as at 31 March 2020.
- 21 New regulations came into force on 21 February 2020, which require Councils to carry forward deficits to be funded from future DSG income and only allow deficits to be funded from general resources with the specific permission of the Secretary of State for Education.
- 22 Previous Government regulations also required local authorities to submit a deficit recovery plan to the Department for Education (DfE) if their cumulative DSG deficit was in excess of 1% of their overall DSG grant allocation. For Durham this would have been if the cumulative deficit exceeded £3.9 million at the end of 2019/20. As Durham has positive DSG reserves relating to Early Years and de-delegated DSG of £1.9 million which offset the deficit of £5.7 million relating to the HNB,

the net deficit position of £3.8 million would not have triggered the requirement for a deficit recovery plan to be submitted to DfE.

- 23 The updated guidance requires local authorities that have a deficit on their DSG account at the end of the 2019/2020 financial year, or whose DSG surplus has substantially reduced during the year, to co-operate with the DfE in handling that situation. In particular, local authorities must:
- Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently.
 - Provide information as and when requested by the department about pressures and potential savings on its high needs budget.
 - Meet with officials of the department as and when they request to discuss the local authority's plans and financial situation.
 - Keep the schools forum regularly updated about the local authority's DSG account and plans for handling it, including high needs pressures and potential savings.
 - The Secretary of State reserves the right to impose more specific conditions of grant on individual local authorities that have an overall deficit on their DSG account, where he believes that they are not taking sufficient action to address the situation.

Latest Forecast for 2020/21

- 24 The Government has confirmed a significant increase in HNB grant for County Durham, meaning there will be an additional £8.8 million available for 2020/2021.
- 25 The budgeted position for 2020/21 (see table at Appendix 2) is that this additional funding, along a planned reduction of 0.1% in HNB expenditure in comparison to 2019/20, will mean that HNB expenditure is currently forecast to be £0.2 million lower than the HNB DSG grant allocation in 2020/21.

HNB Five-Year Financial Plan for 2020/21 – 2024/25

- 26 The high-level five-year financial plan is presented at Appendix 2 and the detailed information is presented at Appendix 3.
- 27 The plan includes a revised HNB grant allocation for 2020/21, following final funding announcements from DfE in March 2020, and revised assumptions about HNB grant and expenditure in future years. These will be regularly updated as circumstances change.

HNB Grant

28 Nationally in 2020/21, additional funding of £2.6 billion has been announced for schools, which comprises £0.780 billion for HNB (30%) and £1.82 billion for Schools Block (70%). The confirmed allocations for overall schools funding for the following two years are £2.2 billion in 2021/22 and £2.4 billion in 2022/23, but at this stage there is no further information about how this will be split between HNB and Schools Block.

29 The Council asked DfE to provide guidance on whether we can expect funding to be split on a similar basis in the following two years as in 2020/21, or whether it is more likely there will be a smaller increase for the HNB and a greater proportion going to the Schools Block in 2021/22 and 2022/23. The response from DfE is shown below:

“We understand the need for early announcements to allow you to plan and are looking to publish allocations as soon as we can.”

30 A report published by the Local Government Association (LGA) and ISOS in late 2018 highlighted a forecast gap in national SEND funding of between £1.2 billion and £1.6 billion by 2021. This finding was highlighted by the House of Commons Education Select Committee in their report on Special Educational Needs and Disabilities published in October 2019, which included a recommendation for Government to increase funding by at least £1.2 billion to cover the projected deficit.

31 In order to estimate future levels of HNB funding for the five-year plan, it has been assumed that the Government intends to meet this request for additional funding of £1.2 billion. It is therefore anticipated there will be a further £0.4 billion of HNB funding to come in addition to the published increase for 2020/21, and that this increase will be equally split between the 2021/22 and 2022/23 financial years.

32 Using these assumptions as a basis, it is estimated that the HNB DSG grant for Durham will increase by 4% in 2021/22 and by a further 4% in 2022/23. It is possible that the Government may change its position on the proposed funding for 2021/22 and 2022/23, depending upon the financial impact of the coronavirus pandemic and other factors, however at this stage the assumption is that the funding remains as originally announced.

33 The financial model also assumes that HNB DSG grant will not increase in 2023/24 and 2024/25 on the basis that no additional funding for the period beyond 2022/23 has been announced. We expect Government funding should, and will, increase in later years in response to inflationary cost pressures and SEND demand, however it is considered prudent in the five-year plan to assume no increase at this stage.

- 34 The impact of the assumptions outlined above is an additional £9.6 million of HNB grant for Durham across the five-year period of the plan when compared to the assumptions used in the report presented to Cabinet in January 2020.
- 35 In circumstances where the actual HNB grant allocations fall short of the assumptions made in the plan because there is a greater allocation to the Schools Block than is currently anticipated, the Council will ask Schools Forum to consider a transfer from the Schools Block to the HNB to cover the shortfall on the HNB.
- 36 The five-year financial plan will remain under regular review, specifically with regard to the impact of coronavirus, and will be revised as and when funding levels are confirmed and expenditure plans develop.

HNB Expenditure

- 37 There are areas of HNB expenditure where we forecast there will be above-inflation increases to costs due to demand pressures. This is specifically the case for post-16 provision and the table below highlights projected increases of more than £1 million in this area. Other budget areas are forecast to see increases in line with inflation or remain static.

Forecast pressures	Outturn 19/20 £m	Budget 20/21 £m	Change £m	Change %
INMSS-Post-16	2.770	3.463	0.693	25
FE-Post-16	3.681	4.024	0.343	9
Nursery top-up	0.375	0.500	0.125	33
Sub-total	6.826	7.987	1.161	17
Other areas	46.336	46.817	0.481	1
Total	53.162	54.804	1.642	3

- 38 There are several budget areas where a reduction in costs is forecast as a result of actions already taken, or those planned to occur during the 2020/21 financial year. This builds on other areas of savings previously reported. These new areas are highlighted in the table below:

Forecast reductions	Outturn 19/20 £m	Budget 20/21 £m	Change £m	Change %
Recharges from the LA	0.711	0.150	-0.561	-79
Targeted support funding	0.899	0.430	-0.469	-52
Special school top-up funding	1.382	1.092	-0.290	-21
CoL funding	0.966	0.573	-0.393	-41
Total	3.958	2.245	-1.713	-43

- 39 Assuming the cost reductions built into the figures above are achieved, the HNB budget position for 2020/21 is a forecast underspend of £0.2

million against the HNB DSG grant allocation. Any underspend will go towards reducing the cumulative deficit on the HNB reserve or be available to support currently unknown funding pressures later in the year.

- 40 The table at Appendix 2 outlines forecast HNB DSG grant allocations and HNB expenditure across the five-year period, and it is currently forecast that the cumulative deficit on the HNB reserve will be recovered in full by the end of 2024/25.

Key Risks

- 41 The following risks have been identified to the successful achievement of the five-year funding and deficit recovery plan:
- Assumptions about higher HNB grant levels in 21/22 and 22/23 may not materialise
 - Planned cost reductions in 2020/21 may not be achieved
 - Increases in demand may be higher than anticipated in the model
 - Increases in costs may be higher than anticipated in the model
 - The coronavirus outbreak may bring additional cost pressures when more children and young people partially or fully return into learning environments
 - The financial impact of the coronavirus on the national economy may lead to reductions in school and HNB funding in future years

Progress on Main Areas of HNB Sustainability Work

- 42 Between July and October 2019, the Council publicly consulted on proposals relating to the following areas identified for review in light of their impact on HNB spending:
- Centrally Managed Services
 - Special Schools
 - Top up Funding
 - Targeted Funding
 - Post 16 Funding
 - Funding support to Partnerships of Schools
 - Joint commissioning of therapies
 - Joint commissioning of equipment, aids and adaptations

- Alternative Provision (AP) and the Pupil Referral Unit (PRU)
- 43 The majority of respondents to the consultation were in favour of the Council adopting all but one of the proposals (relating to a 3-day week Post 16 provision), associated with the above nine areas of review.
- 44 Cabinet approved the proposals and recommendations within the report on 15 January 2020, and since then further work has been conducted on many of these key areas of work. A brief summary for each is outlined below.

Centrally Managed Services

- 45 Various savings have already been made in these service areas and during 2019 three reviews were conducted that resulted in the following significant reductions to HNB expenditure:
- (i) Review of home to school transport for the Pupil Referral Unit (PRU): £0.600 million – transferred from HNB requirement to DCC home to school budget pressure
 - (ii) Review of Frontline services re-charges: £0.711 million reduced to £0.150 million (part year charge) in 20/21 and £0.300 million in 21/22 onwards
 - (iii) Review of management and support re-charges: £0.104 million – reduction in HNB funding
- 46 Early Years SEND Funding which sits within Centrally Managed Services was also identified as an area for review. This funding is used to provide additional support and/or equipment for children with significant SEND and/or complex medical needs who are accessing their nursery education entitlement (3 and 4 year olds and additional 15 hours where eligible).
- 47 This area was overspent in 2018/19. Immediate revisions to the offer were introduced in 2019/20, including establishing consistent funding rates and terms and significantly reducing agency costs. Further review of the offer is planned which is interdependent of the review of Top Up Funding.
- 48 Further work on other areas of spend is being scheduled and will involve conducting further reviews of: Education Health Needs; Sensory Support; Specialist Inclusion Support (including Cognition and Learning, Communication, Interaction and Autism); and Equalities and Intervention; in order to support a consistent and fair approach, improved quality of service, value for money and any further reduction in costs to the HNB where this is possible.

Special Schools

- 49 Work has been undertaken with Special Schools to provide them with a guaranteed minimum budget statement for the 2020/21 financial year, which was provided to schools in November 2019. Following this, a round of discussions to plan for the September 2020 intake has taken place allowing schools to increase capacity where possible and reduce the use of private independent provision.
- 50 In February 2020 schools were provided with a final budget statement, providing them with a high level of budget confidence, two to three months in advance of previous years.
- 51 Developments to increase capacity includes the planning and implementation of six modular classrooms at The Oaks Special School to realise up to 40 places for young people with discrete autism needs. The classrooms are planned to be operational for Autumn 2020. Further work is taking place to safely increase provision in other key areas supported with funding from the capital allocation awarded to the authority through the Special Provision Capital Fund.

Top up Funding

- 52 Top up Funding (TuF) is the granting of HNB funding to schools when provision to meet an individual child or young person's SEND needs would cost more than the school's core funding budget including the notional SEN budget.
- 53 At present every school determines the amount of extra funding they need for each child. This has resulted in differences in the amount of support a young person receives depending on the school's considerations and how the school completes an application and calculates the funding. Some schools make a number of TuF requests, while others submit very few. Some schools access a significant resource for provision that other schools consider as core to their offer. Overall, Top up Funding is unsustainable in the long term within the HNB funding available.
- 54 Whilst some work has already taken place to improve quality assurance and value for money, further improvements are required to ensure a robust process is in place that is visible and understood by all schools as well as parents and carers. This would help reduce the variability in applications for Top up Funding and ensure a fair and appropriate allocation of funds.
- 55 The majority of respondents to the public consultation held last year agreed with the proposal for a 'banding system' to be developed and

applied to Top up Funding to support schools, thereby helping to ensure SEND needs are consistently and more appropriately met.

- 56 This project aims to help ensure that: more children and young people with SEND needs are retained within mainstream education; parents have confidence in the support provided to children which will be timely, aligned to needs, and provided in the right place; and set outcomes for children and young people are met.
- 57 Over the summer and autumn terms we will be working on a number of key deliverables and will be engaging with schools and other stakeholders to develop a new system. Our aim is to have the new Top up Funding system implemented by 1st April 2021 if this is feasible in the current climate but will keep this under review.

Targeted Funding

- 58 The previous process for allocating Targeted Support funding to schools was acknowledged as being complex and opaque and was based on a formula driven approach which wasn't well understood. Feedback from schools identified that some schools were unaware of the reason why they were receiving funding, or in some cases why they were not receiving funding.
- 59 The process for allocating Targeted Support funding was amended with effect from 01 April 2020 and we have started to have conversations with some schools about this, especially where the school budget had a high reliance on this funding. Schools will no longer receive an automatic payment of Targeted Support funding. Targeted Support funding will instead be provided when a school applies for help. We have written to all schools and advised them to contact the SEND team to discuss their case and to support them through a new application process which we have tried out with a few schools already. We will review and amend this further based on feedback in coming months to try and ensure this funding is used where a school has a significant funding gap for their cohort of young people with SEND which is not supported sufficiently from the core budget and Top up Funding applications.

Post 16 Funding

- 60 The fair pricing framework has been established across the post 16 sector and this has helped providers plan accordingly provided necessary controls to HNB expenditure.
- 61 All providers have submitted individually costed plans for each of their High Needs learners. Each submission has been quality and value assured from the SEND Casework team providing appropriate

challenge to ineligible spend and support where needs could be met more efficiently.

- 62 Interim payments have been made to providers during this application and review process to ensure necessary cashflow. Further work is required across the providers to support improvements in timeliness of their applications and the quality of requests. This will limit the need to make interim payments during a lengthened scrutiny phase and improve financial forecasting for both the providers and the local authority.

Funding Support to Partnerships of Schools

- 63 Funding from the HNB is allocated to each Community of Learning (CoL) and Behaviour Partnership (BP) with delegated authority to determine local need and to allocate this funding to meet local needs.
- 64 A review of the process for allocating funding to partnerships of schools was conducted early in 2019 resulting in a pilot being implemented between June and July 2019. This required partnerships of schools to submit an application for funding based on a clear business case and this generated a saving of circa £0.280 million to the HNB for 2019/2020.
- 65 At its January 2020 meeting, the Council's Cabinet agreed for a new process based on this successful pilot to be rolled out from March 2020. The business case template and guidance was reviewed and updated in accordance with the latest financial information and letters inviting partnership chairs to submit their business cases were issued in early March 2020. The majority of partnerships were able to submit a business case to us in April and a panel has been meeting to review, approve or provide feedback if further clarification of spend plans is required.
- 66 The amount of funding for Behaviour Partnerships has been retained at 2019/20 levels (approximately 1% of overall HNB allocation) and the amount available to CoLs reduced to 1% of the HNB allocation. This reflects feedback from schools and the Schools Forum previously about areas to make savings from whilst still supporting important work to continue. This will be reviewed in line with the five-year funding plan for the HNB.

Joint commissioning of therapies and joint commissioning of equipment, aids and adaptations

- 67 Activity relating to the joint commissioning of paediatric therapies and equipment, aids and adaptations has been severely hampered by the coronavirus outbreak. The re-prioritisation of activity linked to the

outbreak has impacted upon the availability of key clinicians across the respective NHS provider health trusts as well as access to key personnel across local education settings. It is anticipated that this activity will be taken forward as we enter into the recovery phase.

- 68 In the interim, all efforts have been made to ensure that children who require a high level of support from paediatric therapy services have been prioritised during the coronavirus outbreak.

Alternative Provision (AP) and the Pupil Referral Unit (PRU)

- 69 The Woodlands, Pupil Referral Unit (PRU), is the Durham County Council provision for both permanently excluded pupils and those identified as close to permanent exclusion, delivering a personalised academic, social and therapeutic programme. There is continued huge pressure on The Woodlands as on-site capacity for permanently excluded pupils is much lower than the need for places which currently outstrips capacity by more than 2:1.
- 70 Alternative provision refers to any education not in mainstream, special school or academy. Alternative education supports over 500 young people across the county. Over 100 young people are attending because there is not sufficient on-site capacity at The Woodlands. Others have been referred directly from schools or through the Behaviour Partnership Panels.
- 71 Following an external review of the provision in July 2019, a team led by the Head of Education and Skills has developed and implemented a plan for fostering inclusion, preventing exclusion and facilitating the effective and equitable use of quality alternative provision within County Durham and improving the rate of reintegration to mainstream schools or specialist provision according to need. This is being delivered through four task and finish groups with the following remit:
- **Headteacher/ Support Services Working Group with a remit to:**
 - agree expectations/ thresholds of support that should be offered by any school before a decision is made on a permanent exclusion
 - agree the expectations for a multi-agency offer of support to work in partnership with schools, young people and their families.
 - **Panel Chairs Working group with a remit to:**
 - revisit the role, remit and expectations of the panels
 - develop a wider role to take collective responsibility for every child and young person
 - agree a fair and transparent allocation of the resources through a robust term of reference and protocols

- **Reintegration Working Group with a remit to:**
 - develop a reintegration protocol to support pupils who have been permanently excluded
- **Transition Planning Working Group with a remit to:**
 - enhance transition across all key stages
 - develop better understanding of the extent and impact of pupil mobility
 - agree a countywide transition protocol

- 72 The task and finish groups are in place and initial meetings took place prior to the coronavirus outbreak. This work is now starting to pick up pace again and will develop over the coming months with a full implementation date of September 2021 with a stated aim to make every effort to use all the resources available to young people effectively and efficiently and to maintain spending within funding limits.
- 73 The Woodlands budget for 2020-21 has been set at £5.776 million, with an expectation that the service is delivered within this.
- 74 Behaviour panels will manage their funding of £0.573 million through business plans, but with an enhanced collective responsibility to avoid permanent exclusion and increase the rate of reintegration.

Conclusion

- 75 The spending pressures on the HNB continued during 2019/20 and whilst the final outturn of the overspend position was lower than previous estimates reported the final position reflects an overspend of £8.6 million and accumulated deficit increasing by £3.0 million giving a total deficit to recover of £5.7 million in coming years. Durham County Council invested £5.6 million from the Budget Support Reserve to supplement the HNB in the previous financial year and had this not been done the accumulated deficit would have been £11.3 million.
- 76 While additional Government funding available for 2020/2021 was welcomed, it was insufficient to support the predicted HNB expenditure in future years and pay back the accumulated deficit. We have, therefore, developed a five-year financial strategy alongside the strands of work detailed in this report and collectively this work aims to ensure that: HNB spending is kept to within forecast expenditure levels; the deficit is recovered within a timely period; improved value for money is achieved; funding is allocated fairly; spending is making measurable impact and is contributing to the realisation of good outcomes for children and young people with SEND and inclusion needs across County Durham.

- 77 We understand that the current situation with the coronavirus outbreak is causing uncertainties and making budgeting more difficult for all our services, learning providers and other partners. We will continue to regularly monitor spend and forecasting of resources in coming months and work closely with partners across education, health and care as we seek to make our best endeavours to support young people with SEND and those who need inclusion support services.

Background papers

- Durham County Council Cabinet Report: High Needs Block Funding for SEND and Inclusion Support, 15 January 2020

<https://democracy.durham.gov.uk/documents/s117590/7%20HNB%20SEND%2015%20January%202019%20V1.2.pdf>

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Appendix 1: Implications

Legal Implications

Sections 45-53 of the School Standards and Framework Act 1998 sets out the funding framework governing schools finance.

The Children and Families Act 2014 covers the SEND reforms and is accompanied by statutory guidance for organisations to follow through the SEND code of practice: 0 to 25 years (2015).

The overarching legal implication within the report is the Equality Act 2010 with respect to the Public Sector Equality Duty (PSED). Section 149 of the Act details the requirement when taking decisions to have due regard to the need to advance equality of opportunity for people with protected characteristics, foster good relations between such groups and eliminate unlawful discrimination. It is necessary the impact on those groups is analysed as part of each area of work linked to HNB sustainability.

Finance

The report highlights the overspend and deficit position in the HNB. The outturn position for 2019/20 is an overspend of £8.6 million, with £5.6 million of this being supported by the Council's general fund (Budget Support Reserve). The cumulative deficit on the HNB reserve as at 31 March 2020 is £5.7 million.

The Government has made additional HNB DSG funding available in 2020/2021 and financial modelling has shown that this, along with planned expenditure reductions, will be sufficient to cover the forecast HNB expenditure in 2020/21.

Based upon assumptions of HNB DSG allocations for the following four years, it is forecast that the cumulative deficit on the HNB reserve will be recovered by the end of 2023/24.

The report sets out several actions as part of an HNB sustainability plan which seeks to support children and young people with SEND within the resources available. Alongside this, the Council and other local authorities are continuing to lobby the Government for additional resources.

Consultation

Section 19 of the Children and Families Act 2014 makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision.

The previous report to cabinet outlined the approach to and findings of a public consultation, aimed mainly at early years settings, schools, special schools and colleges along with other stakeholders including children and families. Further consultation and stakeholder engagement is taking place regarding individual pieces of work identified in this report.

Equality and Diversity / Public Sector Equality Duty

As the nine priority areas of the HNB sustainability programme affect 0-25 years old with SEND and their families, parents and carers there is potential impact for the protected characteristics of age, disability, sex and ethnicity. There is disproportionate impact in relation to sex (both male and female) and ethnicity. Significantly more males have an ECHP (74%). In terms of impact on women, evidence suggests they are more likely to have caring responsibilities for children and young people. Ethnicity data shows there is potential disproportionately in terms of ethnic minorities with special education needs (SEN).

Proposals to address priorities are designed to ease funding pressures and contribute towards longer term sustainability for SEND education. Negative impact is therefore not anticipated, as proposals aim to create a more inclusive and targeted SEND education offer by addressing need yet ensuring value for money through ensuring consistency and quality of centrally managed services, linking funding to evidence of impact, extending the range of specialist places, improving staff training, joint commissioning to ensure consistency and value for money and reducing pupil exclusions. This should impact positively in terms of disability, age (children, young people with SEND and their parents or carers), sex and ethnicity.

Climate Change

An intended outcome of this programme of work, is to increase support for young people to attend local schools, rather than travel to schools that are further away, both within and outside of the county. The successful delivery of the programme will result in reduced miles travelled by pupils, thereby reducing carbon dioxide emissions and potentially a reduced contribution to local traffic congestion.

The joint commissioning of equipment and auxiliary aids will help to reduce waste and consumption of resources, through the improved oversight, management and reuse and maintenance of equipment.

It is intended that the reviews of our business processes within the SEND Casework team will result in reduced printing and paper consumption, through the increased use of digital systems and the implementation of modern ways of working. The potential for developing a customer portal within the Synergy data management system is also being explored. Implementation of a customer portal, use of video conferencing for meetings and exchanging information, should help to reduce the need for staff and customer travel to some meetings. The digital mail system “Flite” is already being used by the team, and the use of this system will be promoted to other areas of the service, as necessary and appropriate.

Human Rights

None

Crime and Disorder

None

Staffing

There may be changes required in staffing based on the proposals outlined in the report.

Accommodation

None

Risk

The programme of work being overseen by the SEND and Inclusion Resources Board is being progressed as part of a programme management approach and includes developing a risk register. Key risks are summarised in the main body of this report. Careful consideration of risks and possible unintended consequences is taking place regarding each of the areas of work.

Procurement

Commissioning and procurement implications are being considered for each of the proposals in the HNB sustainability plan.

Appendix 2: HNB Five Year Financial Plan (High Level)

	2020/21 Budget £ million	2021/22 Estimate £ million	2022/23 Estimate £ million	2023/24 Estimate £ million	2024/25 Estimate £ million	Cumulative five-year projection £ million
Special School Provision (Maintained and academy)	25.463	25.973	26.492	27.022	27.562	132.512
External Provision (INMSS / Out of county / FE)	11.370	11.597	11.829	12.066	12.307	59.168
Mainstream Provision (Top-up funding / Targeted Support / EMP)	9.715	9.913	10.144	10.312	10.485	50.568
Central Provision (Outreach / Equalities / Sensory / Inclusion / Mgt)	5.535	5.791	5.906	6.022	6.141	29.396
Alternative Provision (PRU-The Woodlands / External)	4.993	4.995	4.995	4.995	4.995	24.974
Total Expenditure	57.075	58.269	59.365	60.417	61.490	296.617
Total Grant	57.271	59.562	61.944	61.944	61.944	302.666
In-year surplus (+) / deficit (-)	0.196	1.293	2.579	1.527	0.454	6.049
Cumulative deficit position	(5.530)	(4.237)	(1.659)	(0.132)	0.323	
<i>Projected year on year expenditure change</i>	-0.1%	2.1%	1.9%	1.8%	1.8%	
<i>Projected year on year grant change</i>	18.0%	4.0%	4.0%	0.0%	0.0%	
<i>Change to assumptions in previous Cabinet report (expenditure)</i>	(2.015)	(2.003)	(2.112)	(2.290)	(2.471)	(10.890)
<i>Change to assumptions in previous Cabinet report (grant)</i>	0.297	1.459	2.600	2.600	2.600	9.555

Appendix 3: HNB Five – Year Financial Plan (Detailed Level)

	2019/20 Outturn £ million	2020/21 Budget £ million	2021/22 Estimate £ million	2022/23 Estimate £ million	2023/24 Estimate £ million	2024/25 Estimate £ million
DSG High Needs Block						
Special Schools	23.862	23.893	24.371	24.858	25.355	25.863
Targeted funding-Special	0.115	0	0	0	0	0
Top-up-Special (individual pupils)	1.382	1.092	1.114	1.137	1.159	1.182
Top-up-Special (changes in mix)	0.342	0.478	0.487	0.497	0.507	0.517
Sub-total Special School Provision	25.701	25.463	25.973	26.492	27.022	27.562
INMSS – pre-16	3.499	3.569	3.640	3.713	3.787	3.863
INMSS – post-16	2.770	3.463	3.532	3.602	3.674	3.748
FE provision – post-16	3.681	4.024	4.104	4.187	4.270	4.356
Exports to other LA areas	0.951	0.970	0.989	1.009	1.029	1.050
Imports from other LA areas	(0.643)	(0.656)	(0.669)	(0.682)	(0.696)	(0.710)
Sub-total External provision	10.258	11.370	11.597	11.829	12.066	12.307
EMP place funding	0.611	0.608	0.620	0.633	0.645	0.658
Top-up funding-Nursery	0.375	0.500	0.510	0.520	0.531	0.541
Top-up funding-Primary	5.750	5.865	5.982	6.102	6.224	6.348
Top-up funding-Secondary	1.117	1.139	1.162	1.185	1.209	1.233
Targeted Support Fund	0.000	0.430	0.447	0.465	0.465	0.465
Targeted funding-Primary	0.691	0	0	0	0	0
Targeted funding-Secondary	0.093	0	0	0	0	0
Communities of Learning	0.966	0.573	0.596	0.619	0.619	0.619
Behaviour Panels	0.572	0.600	0.596	0.619	0.619	0.619
Sub-total Mainstream Provision	10.175	9.715	9.913	10.144	10.312	10.485
Nursery Outreach Team	0.711	0.800	0.816	0.832	0.849	0.866
Equalities and Intervention Team	1.932	1.802	1.838	1.875	1.912	1.951
SEND Sensory Team	1.219	1.314	1.340	1.367	1.394	1.422
Specialist Inclusion Support	0.449	0.567	0.578	0.590	0.602	0.614
Management and support recharge	0.811	0.827	0.844	0.861	0.878	0.895
Equipment	0.078	0.075	0.075	0.075	0.075	0.075
LA recharges to DSG	0.711	0.150	0.300	0.306	0.312	0.318
Sub-total Central provision	5.911	5.535	5.791	5.906	6.022	6.141
Local Authority PRU (The Woodlands)	5.895	5.776	5.776	5.776	5.776	5.776
Income from schools (Permanent)	(0.348)	(0.341)	(0.341)	(0.341)	(0.341)	(0.341)
Income from schools (Turnaround)	(0.579)	(0.567)	(0.567)	(0.567)	(0.567)	(0.567)
Other AP provision	0.107	0.125	0.128	0.128	0.128	0.128
Sub-total Alternative Provision	5.075	4.993	4.995	4.995	4.995	4.995
Total	57.120	57.075	58.269	59.365	60.417	61.490
Grant available	48.522	57.271	59.562	61.944	61.944	61.944
Budget surplus (+) / shortfall (-)	(8.598)	0.196	1.293	2.579	1.527	0.454
Shortfall met by council reserves	5.600	0	0	0	0	0
In-year impact on HNB DSG reserve	(2.998)	0.196	1.293	2.579	1.527	0.454
Forecast HNB DSG reserve	(5.726)	(5.530)	(4.237)	(1.659)	(0.132)	0.323

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Cabinet

8 July 2020

Inspection of SEND services

Ordinary Decision



Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

Councillor Olwyn Gunn, Cabinet Portfolio Holder for Children and Young People's Services

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To inform cabinet of progress across County Durham with SEND services highlighted in the Ofsted and Care Quality Commission (CQC) SEND re-visit in January 2020 and the publication of their letter in March 2020.
- 2 To notify cabinet of key current issues and proposed next steps following publication of the SEND re-visit outcome letter.

Executive Summary

- 3 Special Educational Needs and Disability (SEND) services across the local area were initially inspected by Ofsted and CQC between 27 November 2017 and 1 December 2017. In addition to a range of strengths and areas for development the inspection team determined that four specific areas required a Written Statement of Action (WSOA) be drawn up to improve local area provision. The WSOA was declared fit for purpose on 28 June 2018.
- 4 Through closely working in partnership progress was made against each of the four areas of the WSOA. The area was supported from July 2018 through monitoring and support visits from the DfE Regional SEN and Disability Professional Adviser and the NHS England Deputy Director of Quality Assurance. The last visit occurred on 5 November 2019 and progress was reported to the DfE nationally.

- 5 All local areas with a WSoA are subject to a revisit from Ofsted and the CQC, around 18 months after the WSoA was signed off. Durham was notified of the revisit in early January 2020 with inspectors then on site between 22 and 24 January 2020. The outcome letter was received in March 2020 and communicated across the local area, highlighting that sufficient progress had been made in all four areas and no further monitoring of progress is now planned. Partners are now working on an action plan to further develop local SEND support for children and their families.

Recommendations

- 6 Cabinet is recommended to:
- (a) note the progress made in partnership across County Durham since the original SEND Inspection and WSOA was put in place;
 - (b) note the update provided in relation to the SEND revisit, the published outcome letter and the work outlined on proposed next steps being done with partners through the SEND Partnership.

Background

- 7 Between 27 November and 1 December 2017, Ofsted and the CQC conducted a joint inspection of the effectiveness of the local area in implementing the special educational needs and disability reforms as set out in the Children and Families Act 2014.
- 8 In addition to a range of strengths and areas for development the inspection team determined that four specific areas required a WSoA be drawn up to improve local area provision. The WSoA was declared fit for purpose on 28 June 2018.
- 9 The Integrated Steering Group for Children requested that a one year on report be completed to summarise progress after the SEND Inspection. This was presented to the council's corporate management team and was also presented to the Health and Wellbeing Board.
- 10 Work continued to ensure delivery of the actions outlined in the WSoA. This took place alongside related SEND work associated with the SEND strategy and High Needs Block sustainability plan. In relation to WSOA work, a detailed evidence log was maintained to provide information about improvement work and we also sought to evidence the impact this had on children, young people and families.
- 11 There were five monitoring and support visits from the DfE Regional SEN and Disability Professional Adviser and the NHS England Deputy Director of Quality Assurance. The most recent took place on 5 November 2019.

- 12 A draft Local Area Position Statement was developed for the monitoring visit in November 2019. This, along with other work, was used to inform the range of documents made available to the inspection team when they called.
- 13 The council's corporate management team previously supported the formation of a SEND Inspection Preparation Group and then beyond the inspection the retention of this group into a SEND Leaders Group for key Local Authority and CCG colleagues to meet regularly alongside the wider SEND partnership arrangements which includes other partners.

SEND Re-visit

- 14 We were notified of the re-visit in early January 2020 and the inspection team were on site between 22 and 24 January 2020. The re-visit inspection team was led by one of Her Majesty's Inspectors (HMI), accompanied by a CQC inspector. A Quality Assurance Lead from CQC was on site for 1 day and attended visits with the CQC inspector and a colleague from Ofsted shadowed the lead inspector during the re-visit.
- 15 We submitted a range of information in advance of the visit and whilst on site inspectors undertook a variety of activities including:
 - Several meetings with leaders from the local authority and CCG as well as staff including SENCO's, SEND Support Advisors, therapies and autism teams.
 - Case sampling of EHCP processes and cases from 18 months prior to the re-visit.
 - Meeting with the parent/carer forum, Making Changes Together (MCT).
 - Gathering contributions of parents and families through an online survey.
 - Three open meetings were held across the county with parents and carers to gather their views.
 - Inspectors spoke to two groups of children and young people.
- 16 The inspectors noted a genuine commitment to ensuring there were various communication and engagement mechanisms with families, and it was very pleasing to see that over 400 parents, carers and young people contributed feedback during the inspection.

SEND Re-visit findings

- 17 The outcome letter was published on Ofsted's website in March 2020 outlining that the local area had made sufficient progress against all 4 areas of the WSoA. The outcome letter is attached as Appendix 2.
- 18 The outcome letter highlights a number of areas where positive changes have been achieved including:
 - The partnership between education, health and social care leaders is stronger than it was and there had been a determined focus on improving arrangements for identifying, assessing and meeting the needs of children and young people with SEND.
 - Council and health services are praised for their commitment to involving children, young people and their families in shaping services, with this work "contributing strongly" to improvement in SEND arrangements.
 - The letter cites the Making Changes Together parent and carer forum, the Rollercoaster Support Group and eXtreme group of young people as examples of those that have been "instrumental in several significant developments since the initial inspection".
 - The area's Participation Strategy is praised for setting out "clear and helpful quality standards" for joint working for children and young people and their families.
 - Children and young people with SEND and their families have increasingly strong and influential voices in the development of the area's strategic plans and there has been a marked reduction in waiting times for specialist autism assessment and speech and language therapy assessment, with times now in line with national guidance.
 - Previous concerns about the effective use of performance data to tackle weaknesses have been addressed by the development of new systems and strengthening of existing ones. Again, with children and young people featuring more prominently in this work.
 - The Local Area's self-evaluation provides a clearer and more comprehensive assessment of how well SEND arrangements are working in County Durham.
 - Commissioning decisions, service planning and performance monitoring are also better informed by the area's analysis of education, health and social care needs.

- Overall, both the council and North Durham and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups are praised for their “greater collective ambition” for service users.
- 19 Partners across education, health and care have worked together closely to address issues raised in the previous inspection including a full review of the Local Offer website. The site provides a wealth of information for the families of children and young people with SEND and offers a first point of contact for many people and this has seen significant improvements over the past two years.
- 20 Going forward, we see it as crucial that the needs and views of young people and their families continue to be embedded at the heart of SEND provision in County Durham.
- 21 While the inspectors’ report highlights the range of improvements that have been made since their last visit, it also identifies areas where work is still needed:
- The Local Authority and CCGs have not yet fully achieved their objective of improving understanding and awareness of SEND at every level.
 - Children, young people and their families continue to have very different experiences at schools and with individual health and social care services, with the quality of health advice remaining too variable and the quality of education, health and care (EHC) assessments suffering from a lack of participation of some health professionals.
 - There is more work to do to develop quality and consistency across all health services in the area. Similarly, the importance of high-quality professional advice and the full involvement of health practitioners in EHC assessment and planning are not prioritised adequately in either commissioning or operational management decisions.
 - There are gaps in commissioned support following autism assessment but recognition that leaders from all organisations are aware that provision needs to be strengthened.
- 22 The inspectors’ findings mean that the formal quarterly support and challenge visits we had been receiving from the Department for Education and NHS England will no longer take place.
- 23 Changes to the inspection framework are anticipated now that the current regime is nearing completion but further details on its replacement are not known at this time and no current inspection activity is taking place due to the coronavirus outbreak.

- 24 The SEND Strategic Partnership has considered the outcome letter alongside the detailed verbal feedback received at the time of the re-visit and is working on a new action plan to address the areas for further improvement identified.

Conclusion and next steps

- 25 Work will continue in the following areas to ensure as a partnership we deliver further service transformation to support young people with SEND. It is recognised that the coronavirus outbreak and the subsequent recovery period is likely to mean some of this work is disrupted and the highest priority will be given to supporting vulnerable children and their families during this time.
- 26 Key work strands being developed and implemented cover:
- (a) An updated action plan to address the findings of the SEND re-visit and other activity that needs to be monitored and supported by the current SEND partnership governance arrangements. This is being discussed at SEND strategic partnership meetings which are currently being held through Microsoft Teams. It is recognised the progression and delivery of this is likely to be disrupted due to the coronavirus outbreak and re-prioritisation of services at present.
 - (b) Work will continue on actions based on the findings of the Integrated Needs Assessment work.
 - (c) Partnership governance arrangements will be reviewed over the year to ensure they align with SEND priorities and are able to sufficiently monitor progress, demonstrate accountability, support quality improvements and evidence impact for children, young people and families.
 - (d) Later in the year work is planned on a revised SEND strategy for the county and consideration will be given to the requirement of the and timing of the local area's self-evaluation. This will take into account the review of the current SEND inspection framework when this takes place and impacts from the coronavirus outbreak.
 - (e) Work with leaders across all learning settings to transform high needs provision ensuring the local offer is further improved and that high needs block funding becomes more sustainable (there is a separate but related report on High Needs Block Funding).

Background papers

- None

Other useful documents

- [Local Area re-visit outcome letter](#)
- [SEND inspection framework](#)

Author(s)

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Appendix 1: Implications

Legal Implications - There is a published framework for local area SEND inspections and re-visits undertaken by Ofsted and CQC which is periodically updated. The report refers to the latest guidance published in mid-November 2018. In view of the coronavirus outbreak the Government temporarily changed some of the requirements of SEND legislation and this is being kept under regular review.

Finance - None directly from this report, other related work is addressing SEND resources and pressures.

Consultation- The report identifies consultation arrangements and further opportunities for engagement and co-production through the participation strategy.

Equality and Diversity / Public Sector Equality Duty - The inspection framework includes consideration of how the council and local partners are meeting legal duties under the Equality Act and the public sector equality duty.

Climate Change - The report largely refers to inspection preparation work but also refers to wider SEND transformation work underway. An intended outcome is to increase support for young people to attend local schools, rather than travel to schools that are further away, both within and outside of the county.

Human Rights - None.

Crime and Disorder - None.

Staffing - Partnership resources are being aligned to support the inspection response and future inspection preparation.

Accommodation - None.

Risk - Key risks cover insufficient progress and poor inspection preparation, these are being addressed through the partnership arrangements for SEND work outlined and regular political oversight. Issues and risks from the coronavirus outbreak are also being monitored alongside Government guidance.

Procurement – None.

Appendix 2: Local Area SEND Re-visit outcome letter



Local Area SEND
Inspection Report.p

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27 February 2020

Mr John Pearce
Corporate Director of Children and Young People
Durham County Council
County Hall
Durham
DH1 5UJ

Nicola Bailey, Chief Officer, North Durham Clinical Commissioning Group and Durham Dales, Easington and Sedgefield Clinical Commissioning Group
Martyn Stenton, Local Area Nominated Officer, Durham County Council

Dear Mr Pearce and Ms Bailey

Joint area SEND revisit in Durham

Between 22 and 24 January 2020, Ofsted and the Care Quality Commission (CQC) revisited the area of Durham to decide whether sufficient progress has been made in addressing each of the significant weaknesses detailed in the written statement of action (WSOA) issued on 15 January 2018.

As a result of the findings of the initial inspection and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a written statement of action was required because of significant areas of weakness in the area's practice. HMCI determined that the local authority and the area's clinical commissioning groups (CCGs) were jointly responsible for submitting the written statement to Ofsted. This was declared fit for purpose on 28 June 2018.

The area has made sufficient progress in addressing the four significant weaknesses identified at the initial SEND inspection. This letter outlines our findings from the revisit.

The inspection was led by one of Her Majesty's Inspectors from Ofsted and a Children's Services Inspector from CQC.

Inspectors spoke with children and young people with special educational needs and/or disabilities (SEND), parents and carers, representatives from schools, and local authority and National Health Service (NHS) officers. More than 400 parents and carers contributed to the revisit. Inspectors looked at a range of information about the performance of the area in addressing the four significant weaknesses identified at the initial inspection, including the area's improvement plans and self-evaluation.

Main findings

- The initial inspection found that:

There were fundamental weaknesses in the area's strategic leadership and governance which resulted in the disability and special educational needs reforms being implemented too slowly.

The partnership between education, health and social care leaders in the area is stronger than it was at the time of the initial SEND inspection. Since this inspection, there has been a determined focus to improve the arrangements for identifying, assessing and meeting the needs of children and young people with SEND. There is greater collective ambition for these children and young people. Importantly, however, much still needs to be done to secure tangible change in the lives of children and young people with SEND and their families in County Durham.

Substantial changes to leadership and governance are contributing well to improvement in the area's SEND arrangements. There is a more committed approach to co-production with children and young people with SEND and their families. Nevertheless, at this stage, children and young people with SEND and their families continue to have widely different experiences of schools, as well as individual health and social care services. While some parents and carers can see improvement in the help and support their children receive, others say that little has changed since the initial SEND inspection.

Initial work focusing on improving the knowledge of education, health and social care professionals, and strengthening their understanding of SEND, has been effective. However, the area has not fully achieved its objective of improving understanding and awareness at every level in a way that positively affects the experience of children and young people with SEND and their families. The importance of this was highlighted by one young person who told us, 'I just want people to know about autism and understand how it affects me.'

The area has made sufficient progress to improve this area of weakness.

- The initial inspection found that:

Leaders had an inaccurate view of the area's effectiveness. The analysis and use of performance information to tackle weaknesses in education, health and social care outcomes were poor. There was a lack of rigorous quality assurance and monitoring to inform decision making.

New systems for collecting, analysing and evaluating important performance information have been developed. Existing systems have been strengthened. Learning from the experience of children and young people with SEND and their families features more prominently in this work. As a result, the area's self-evaluation provides a clearer and more comprehensive assessment of how well SEND arrangements are working in County Durham.

The pathway for education, health and care (EHC) assessment has been successfully redesigned. The quality of reports from education, health and social

care professionals for these assessments has improved in the last 12 to 18 months. In part, this is because systems for checking these reports and the quality of draft and finalised EHC plans are working more effectively. The quality of health advice, however, remains too variable. Too often, this advice provides insufficient insight into how clinical conditions affect a child or young person's daily life. In addition, the quality of EHC assessment is still, at times, undermined by the lack of participation of some health professionals in important multi-disciplinary meetings. Despite this variability, recently finalised EHC plans are co-produced more genuinely and they integrate education, health and social care advice well.

The strategic manager for SEND and the designated clinical officer (DCO) have contributed strongly to improving EHC assessment and planning. Currently, however, the DCO's work focuses too much on improving practice within individual provider health trusts and not enough on developing quality and consistency across all health services in the area. Similarly, the importance of high-quality professional advice and the full involvement of health practitioners in EHC assessment and planning are not prioritised adequately in either commissioning or operational management decisions.

The area has made sufficient progress to improve this area of weakness.

- The initial inspection found that:

Poor strategic planning and joint commissioning were leading to unacceptably long waiting lists for access to services, delays in treatment for some conditions, and a variable experience for children and young people with SEND.

Area leaders have developed and implemented a more effective, needs-based approach to joint commissioning services for children, young people and families since the initial SEND inspection. Commissioning decisions, service planning and performance monitoring are better informed by the area's analysis of children and young people's education, health and social care needs.

Children and young people with SEND and their families have increasingly strong and influential voices in the development of the area's strategic plans, as well as in decision making about service commissioning and redesign. Examples of improved co-production include the development of the 'Think Autism in County Durham' strategy, the redesign of short-break services and the commissioning of the area's integrated paediatric continence service.

There has been a marked reduction in the unacceptably long waiting times for specialist autism assessment and speech and language therapy assessment and intervention since the initial SEND inspection. Waiting times are currently in line with national guidance. Short-term support, following specialist autism assessment, from the child and adolescent mental health service (CAMHS) and the autism and social communication team is benefiting children, young people and families. Area leaders know, however, that there are gaps in the support commissioned for children, young people and families following specialist autism

assessment and acknowledge that this provision must be strengthened in future commissioning arrangements.

The area has made sufficient progress to improve this area of weakness.

- The initial inspection found that:

The area did not have an embedded approach to strategic co-production with designated representatives of children, young people and families to inform strategic planning and secure improvements.

The partnership's approach to developing and embedding strategic co-production with children, young people and families has been prioritised well and is contributing strongly to improvement in County Durham's SEND arrangements. 'Making Changes Together', the local parent and carer forum, along with other groups such as the 'Rollercoaster Support Group', have been instrumental in several significant developments since the initial inspection. They work hard to represent families, and their contribution to the area's leadership and governance is both constructive and challenging.

The 'eXtreme group' has made a similarly influential contribution to improvement since the initial SEND inspection. Members of this group are fantastic ambassadors for children and young people with SEND in County Durham.

These positive developments are an important part of the area's participation strategy. This strategy sets out clear and helpful quality standards for co-production with children and young people with SEND and their families. The standards are a valuable resource for education, health and social care leaders and professionals, but they are not, at this stage, being well used to evaluate the effectiveness of co-production at strategic or operational levels.

The area has made sufficient progress to improve this area of weakness.

The area has made sufficient progress in addressing the four significant weaknesses identified at the initial SEND inspection. As the area has made sufficient progress in addressing all the significant weaknesses, the formal quarterly support and challenge visits from the DfE and NHS England will cease.

Yours sincerely

Nick Whittaker
Her Majesty's Inspector

Ofsted	Care Quality Commission
Emma Ing HMI Regional Director	Ursula Gallagher Deputy Chief Inspector, Primary Medical Services, Children Health and Justice
Nick Whittaker HMI, Lead Inspector	Jan Clark CQC Inspector

cc: Department for Education
Clinical commissioning group(s)
Director Public Health for the area
Department of Health
NHS England

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Cabinet

8 July 2020

**Discharge of Transport Functions by
Durham County Council 2020**



Ordinary Decision

Report of Corporate Management Team

**Report of Amy Harhoff, Corporate Director of Regeneration,
Economy and Growth**

**Councillor Carl Marshall, Cabinet Portfolio Holder for Economic
Regeneration**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To update Cabinet on the transport activity carried out by the Council under delegation originally from the North East Combined Authority (NECA) which has continued under the North East Joint Transport Committee.

Executive summary

- 2 The Council is required to report to the North East Joint Transport Committee annually on the discharge of the functions delegated to the Council. Appendix 2 to this report contains the information which will be reported in respect of the last year.

Recommendations

- 3 Cabinet is recommended to note the contents of this report.

Background

- 4 When NECA approved its constitution in April 2014, it delegated to Durham County Council transport functions contained in Parts 4 and 5 of the Transport Act 1985 and Part 2 of the Transport Act 2000. These primarily relate to securing socially necessary bus services, concessionary travel, and ticketing on local passenger transport services. Durham's Cabinet approved the delegation of these functions at its meeting of 16 April 2014 to the Corporate Director of Regeneration and Local Services in consultation with the Cabinet Portfolio Holder, Economic Regeneration.
- 5 During 2018, responsibility for transport functions became vested in a statutory Joint Committee comprising of representatives of the new North of Tyne Combined Authority and the North East Combined Authority. It was agreed in a Deed of Cooperation entered into by the seven constituent councils, that the transport functions delegated to the two counties would remain the same pending any decision by the new Joint Committee. No changes to the delegations have been proposed.
- 6 Attached in Appendix 2 is an account of the discharge of transport functions for 2019 agreed by the Corporate Director for Regeneration, Economy & Growth and Transport Portfolio Holder, Economic Regeneration. Appendix 2 is also scheduled to be reported for information to the North East Joint Transport Committee meeting on 15 September 2020.

Background papers

- The North East Combined Authority Constitution <http://northeastca.gov.uk/wp-content/uploads/2019/07/Constitution-Version-8-June-2019-1.pdf>
- The North East Combined Authority Deed of Operation dated 29 April 2014
- The North East Combined Authority Deed of Cooperation dated 4 July 2018 <https://northeastca.gov.uk/wp-content/uploads/2018/07/Appendix-1-Deed-of-Cooperation-4-July-2018.pdf>

Author(s)

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Appendix 1: Implications

Legal Implications

It has been agreed that the Council would provide an annual report on the exercise of its delegated functions to the North East Joint Transport Committee.

DCC Legal services have been consulted on this matter.

Finance

Transport functions carried out by or on behalf of the Combined Authority are funded by a levy raised by the Combined Authority. The funding for transport functions in Durham is transferred into the Combined Authority, and the Combined Authority in turn transfers the funding back to the Council to cover the discharge of its transport functions.

Consultation

None specific in this report.

Equality and Diversity / Public Sector Equality Duty

None specific in this report.

Climate Change

All of the areas of transport detailed in Appendix 2 (The JTC Report) contribute to many of the aims of the Climate Emergency by maintaining, and encouraging the public to use, a comprehensive passenger transport network across County Durham and beyond.

Human Rights

None specific in this report.

Crime and Disorder

None specific in this report.

Staffing

None specific in this report.

Accommodation

None specific in this report.

Risk

None specific in this report.

Procurement

None specific in this report.

Appendix 2: JTC Report

Date: 15 September 2020

Subject: Discharge of Transport Functions by Durham County Council

Report of: Portfolio Responsibility for Transport for Durham County Council

Executive Summary

The purpose of this report is to advise the Committee of how Durham County Council has discharged the transport functions delegated to it by NECA for the 2019/20 year.

Recommendations

The North East Joint Transport Committee is recommended to note this report.

1. Background Information

- 1.1 When NECA approved its constitution in April 2014, it delegated to Durham County Council transport functions contained in Parts 4 and 5 of the Transport Act 1985 and Part 2 of the Transport Act 2000. These primarily relate to securing socially necessary bus services, concessionary travel, and ticketing on local passenger transport services. Durham's Cabinet approved the delegation of these functions at its meeting of 16 April 2014 to the Corporate Director of Regeneration and Local Services in consultation with the Cabinet Portfolio Holder, Economic Regeneration.
- 1.2 Attached at Appendix A is an account of the discharge of transport functions for 2019 agreed by the Corporate Director for Regeneration, Economy & Growth and Transport Portfolio Holder, Economic Regeneration. Appendix A has been reported for information to the County Council's Cabinet meeting on 8 July 2020.

2. Proposals

- 2.1 Members are requested to note the report.

3. Reasons for the Proposals

- 3.1 The NECA operating agreement requires that the relevant Portfolio holder provides reports when required to the North East Joint Transport Committee advising on how the delegated functions have been exercised.

4. Next Steps and Timetable for Implementation

- 4.1 These are identified as far as practicable in Appendix A.

5. Potential Impact on Objectives

- 5.1 The report describes how Durham County Council is discharging transport functions delegated by NECA.

6. Financial and Other Resources Implications

- 6.1 The transport functions will be funded by the levy issued by NECA to Durham County Council.

7. Legal Implications

- 7.1 This report is submitted in accordance with obligations contained in the Deed of Operation entered into by the constituent authorities on formation of the Combined Authority.

8. Key Risks

8.1 None specific in this report.

9. Equality and Diversity

9.1 None specific in this report.

10. Crime and Disorder

10.1 None specific in this report.

11. Consultation/Engagement

11.1 None specific in this report.

12. Appendices

12.1 Appendix A – North East Combined Authority (NECA) – Durham County Council Transport Activity Report 2019/20

13. Background Papers

13.1 The North East Combined Authority Constitution
The North East Combined Authority Deed of Operation dated 29 April 2014
The North East Combined Authority Deed of Cooperation dated 4 July 2018

14. Contact Officers

14.1 Andy Leadbeater, Integrated Passenger Transport Manager, Durham County Council, andrew.leadbeater@durham.gov.uk, Tel: 03000 268512

15. Sign off

- The Proper Officer for Transport:
- Head of Paid Service:
- Monitoring Officer:
- Chief Finance Officer:

North East Combined Authority (NECA)

Durham County Council Transport Activity Report 2019/20

Introduction

1. The County Council operates an 'Integrated Passenger Transport Group' (IPTG) in line with Government's best practice guidance. The IPTG delivers public transport, home to school transport, Special Education Needs (SEN) transport and adult social care transport. It also has close links with health, clinical commissioning groups and the North East Ambulance Service.
2. Integrating transport in this way is especially important in more rural areas, enabling the authority to create packages of work across sectors to maximise the use of vehicles and staff, ensure full use is made of existing local bus services for education and social work purposes and deliver consistency of standards across different modes. The opportunities to integrate commissioning and delivery of local authority transport with non-emergency healthcare transport have also helped to deliver a simpler and more understandable service for the user.
3. The Council also values the benefits of the harmonisation of policy and delivery across the economic development, planning, housing and transport functions. This approach ensures that we can maximise transport's contribution to economic growth in the County.

Bus Service Network

Current State of Commercial and Subsidised Networks

4. The diverse geography of County Durham, including its many rural destinations, creates complex travel demands highlighting the importance of transport across our rural County. The local bus network plays a key role in our ambitions for County Durham and our wider plan for both transport and the economy.
5. A comprehensive network of bus services operates across almost all the county, although frequencies and coverage are reduced during later evenings and on Sundays, reflecting lower demands for travel. The majority of the bus network in County Durham has been essentially stable since October 2012 in terms of level of service and the service routes, although there have been periodic adjustments to details of timings reflecting better data now available from new tracking systems and an increasing impact of congestion on timetables.
6. Services operating without subsidy from DCC ("commercial services") provide a high proportion of the network in most of County Durham. Most of the main towns of County Durham have at least two operators providing locally significant services without subsidy. Go North East (53%) and Arriva (42%) provide the

majority of the services across the county. Three other firms also run locally significant bus services without subsidy.

7. Total bus boardings have reduced slightly from a total of 23.34m in 2018/19 to approximately 22.85m in 2019/20, a decrease of about 2.0%. This includes some allowance for the impact of the coronavirus pandemic and reverses the increase recorded in the previous year.
8. There has been only limited further investment by operators in new and cascaded buses in the period. So far as Go North East is concerned this reflects the delivery delays caused by the collapse of the bus manufacturer Wright's; a large number of new buses for services in north-west Durham had been due in autumn 2019 but are now expected in Spring 2020.

Secured Service Retendering Activity

9. The council's general practice is that contracts for bus services are arranged on 4-year cycles, holding a right to extend to 5 years. Almost all of the Council's contracts expired in October 2017 (having started in 2012 or 2013) and were replaced by new contracts on largely unchanged specifications running to 2021. This has meant that 2019 has seen little change in bus contracts.

Concessionary Fares

10. Reimbursement payments under Durham's concessionary fare scheme for older and disabled people form the major element of the County Council's spending on public transport. Largely fixed price arrangements have been negotiated with the two major operators, with "cap and collar" provisions to handle deviations from expected volumes. Total concessionary boardings in 2019/20 are set to fall slightly compared with the previous year. It is anticipated a further slight fall in concessionary travel will continue in 2020/21, reflecting the final stage of the transition in the qualifying age.
11. A scheme to provide local concessionary bus travel for women born before 6 November 1954, who have not yet reached qualifying age for the English national scheme, was introduced in March 2020.

North East Smart Ticketing Initiative (NESTI)

12. Durham has continued to actively participate in the NESTI initiative. The Pop PAYG card was successfully rolled out on Durham Park and Ride in summer 2016. It is now the method of payment used by most regular users on Park and Ride. However, Pop PAYG has not achieved material levels of use across the wider bus network. The availability of contactless payment on all Arriva and Go North East services provides an alternative method of cash-less payment which is easier for many people.

Multi-Operator Ticketing Scheme

13. The Council is continuing to work with bus operators in County Durham to implement a scheme of multi-operator bus fares reflecting the bus market of County Durham. While the work has not progressed as fast as hoped, we continue to work with operators and anticipate the scheme will be introduced early in 2020.

Transport Focus Bus Passenger Satisfaction Survey

14. DCC are working with Transport Focus, Arriva and Go North East to support the annual survey work carried out by Transport Focus, measuring passengers' satisfaction with their bus journeys. Previous years have shown generally high levels of satisfaction but with passengers' concerns regarding punctuality becoming a feature. This trend was seen in many areas in previous years' survey results. The 2019 results are shown in the table below.

2019 survey results - 2018 results in ()			
Category	Arriva	Go North East	Overall (including other operators)
Overall Satisfaction	88% (86%)	94% (93%)	92% (91%)
Value for money	66% (66%)	66% (69%)	67% (70%)
Punctuality	65% (67%)	81% (79%)	76% (77%)
Journey time	84% (88%)	91% (88%)	88% (89%)

Park and Ride

15. The Durham Park and Ride has continued to perform very satisfactorily. The introduction of a Sunday service is currently under consideration.

Community Transport (CT)

16. The CT sector in County Durham predominantly concentrates on group hire, although Weardale Community Transport again operated its summer-only Sunday bus service in the dale in 2019. The Council's programme of offering capital grants from Local Transport Plan funding to assist Community Transport continues.
17. We are also continuing our use of Rural Sustainable Community Transport funding to support the CT sector to develop its capacity, with a particular focus on the recruitment of volunteers.
18. The evolving national guidance on the eligibility of organisations for operation under community minibuses permits and community bus service permits has

caused understandable concern to the sector. The further guidance due following a Judicial Review is expected soon. However, the expected limitations on operation of contracts will have very little impact in County Durham as our school and public transport contracts have always required full Public Service or Taxi Operator licences. There remains a risk that the organisations that primarily exist in order to provide community transport may find it harder to qualify for the current exemptions from normal licence requirements.

Home to School/Social Care Transport

19. Home to school and social care transport forms the major part of Durham's operations, with a total spend of approximately £15 million pa and over 1100 contracts in operation. This includes school transport buses that are paid for by parents and or schools, supplementing the statutory free travel provided by the Council. In the 2019/20 school year, about 6,500 pupils receive free travel to school from Durham County Council, with a further 3,100 pupils travelling under the non-statutory concessionary schemes.
20. Our general practice is that contracts for Home to School Contract Hire services are awarded for a 4-year period, with the Council holding a right to extend to 5 years. Tendering is carried out over a rolling programme, with new contracts starting in September each year. Contract prices have shown a material increase in both the taxi /minibus and school bus sectors, with the latter significantly affected by application of the Public Service Vehicle Accessibility Regulations to this sector on buses where there is a charge for travel (which previously had been considered to be exempt in most circumstances).

Travel Response Centre

21. Durham operate a Travel Response Centre (TRC) for the booking of non-emergency patient transport to health appointments as well as the council's Link2 demand responsive transport service and Access Bus. The TRC handles over 65,000 calls on an annual basis. Referrals from social workers and other care staff for client travel to day care are also processed.
22. The Health Booking Service is delivered on behalf of the NHS Clinical Commissioning Groups in Durham. Following an eligibility assessment, patients are booked on to North East Ambulance Patient Transport Services. Patients and visitors who are ineligible for NHS patient transport are advised of alternative services providing access to hospitals or how to make their journey by public transport.

Public Transport Information

23. Durham County Council has continued to process, validate and submit public transport data for the national and regional data sets on behalf of Tyne and Wear, Northumberland, Durham and the Tees Valley local authorities. This data is required for national and regional journey planning, NextBus, electronic displays at bus stops as well as being used by third party applications.

24. The Council act as the regional contact for National data issues and represent the region at national working groups and meetings. This includes taking an active role in working groups for the DfT Open Data Initiative that will make changes to the way that bus operators provide information about their registered services and make it easier for bus passengers to plan their journeys through access to routes and timetables data, fares and tickets data and real time information.
25. The new regulations require bus operators to publish route, fares and vehicle location data to a central web service called the Bus Open Data Digital Service (BODDS) from January 2021 with requirements being phased in until 2023.
26. The Council provides a comprehensive range of passenger information on local bus services operating within the County. This includes maintaining printed timetable displays at over 2,800 bus stops, providing 130 electronic information displays at bus stations and on-street stops, printed county public transport maps, printed timetable leaflets and a web based interactive bus map. The interactive bus map shows bus routes and individual timetables for all registered services in downloadable format.

Real Time Passenger Information

27. Durham County Council also provides the data management role for the North East Real Time Passenger Information (RTPI) project in partnership with Nexus, Northumberland County Council and the Tees Valley Combined Authority. This involves processing, validating and submitting public transport data to the regional data broker.

DfT Access Fund 2017-2020

28. Durham were part of the successful Living Streets bid to the Department for Transport Access Fund. This project, entitled 'Walk To', was awarded £7.5m for the period 2017-2020 and is being delivered by Living Streets in partnership with 10 local authorities. The project supports economic, health and environmental development in targeted areas through active travel to schools and workplaces. This externally funded project has continued the Council's successful work with Living Streets since 2012.
29. In February 2020, the DfT announced to extend the Access Fund grant to the 'Walk To' project. A total of £2.5 million has been allocated to continue the existing project for 2020/21.

Wheels to Work County Durham

30. The successful County Durham Wheels to Work (W2W) scheme has continued to develop and has now expanded to cover the whole of the County. This scheme, established in 2016, provides people who are experiencing difficulties in accessing employment or training with the loan of a scooter until a longer-term

transport solution can be found. The scheme is managed by Wheels to Work County Durham Charitable Incorporated Organisation (CIO).

31. To date, the scheme has helped 168 people access work or training using a fleet of 50 scooters available for hire. The scheme is currently funded by Durham County Council from the Poverty Action Steering Group, Area Action Partnerships and the Local Transport Plan. External grant funding has also been successfully secured. Additional funding opportunities will continue to be explored.

New Horden Rail Station

32. In July 2017, Durham County Council was awarded £4.4 million in funding from the Department for Transport New Stations Fund as contribution towards a new rail station at Horden. The remainder of the scheme's £10.55 million cost is being provided by Durham County Council and the North East LEP.
33. In January 2019 the rail station received planning approval. Construction of the station started in December 2019 and, subject to Office of Rail and Road sign-off on 26th June, the station will open on June 29th.
34. The scheme sees the creation of two 100 metre platforms connected by an accessible footbridge, shelters, seating, lighting, help points, CCTV, a car park and bus stops. A new access road, footpath and cycleway has also been created and a local bus service is to be diverted to serve the station.

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DATED

2014

THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE,
NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY

And

THE COUNTY COUNCIL OF DURHAM, THE COUNCIL OF THE BOROUGH OF
GATESHEAD, THE COUNCIL OF THE CITY OF NEWCASTLE UPON TYNE, THE
COUNCIL OF THE BOROUGH OF NORTH TYNESIDE, NORTHUMBERLAND COUNTY
COUNCIL, THE COUNCIL OF THE BOROUGH OF SOUTH TYNESIDE and THE
COUNCIL OF THE CITY OF SUNDERLAND

Vivienne Geary
Head of Law and Governance
North Tyneside Council
Quadrant
The Silverlink North
Cobalt Business Park
North Tyneside
NE27 0BY

THIS DEED witnesses as follows:

1. Definitions

In this Deed –

- 1.1 “the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Deed of Operation” means this Deed made between the NECA and the Constituent Authorities and entered into on even date as amended from time to time.
- 1.2 “the NECA” means the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority
- 1.3 “the NELB” means the North East Leadership Board comprising of the Members of the NECA.
- 1.4 “the Constituent Authorities” means The County Council of Durham, The Council of the Borough of Gateshead, The Council of the City of Newcastle Upon Tyne, The Council of the Borough of North Tyneside, Northumberland County Council, The Council of the Borough of South Tyneside and The Council of the City of Sunderland.
- 1.5 “the Order” means the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.
- 1.6 “the Parties” means the NECA and the Constituent Authorities.
- 1.7 “the Monitoring Officer” means such person as shall be appointed by the NECA pursuant to Part 3.5 of the Constitution.
- 1.8 “the TNEC” means the Transport North East Committee being a joint committee established by the Parties.
- 1.9 “the TWSC” means the Transport North East (Tyne and Wear) Sub-Committee.
- 1.10 “DCC” means the County Council of Durham.
- 1.11 “NCC” means Northumberland County Council.
- 1.12 “Nexus” is the executive body of the NECA for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the LDEDCA 2009.
- 1.13 “The Delivery Agencies” means DCC, NCC and Nexus
- 1.14 “NELEP” means the North East Local Enterprise Partnership.
- 1.15 “the Combined Area” means the administrative areas of the 7 Constituent Authorities.
- 1.16 “the Constitution” means the Constitution of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

- 1.17 “the Tyne and Wear Authorities” means the Authorities of the Council of the Borough of Gateshead, the Council of the City of Newcastle Upon Tyne, the Council of the Borough of North Tyneside, the Council of the Borough of South Tyneside and the Council of the City of Sunderland
- 1.18 “the 2012 Regulations” means the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.
- 1.19 “the LGA 1972” means the Local Government Act 1972.
- 1.20 “the LDEDCA 2009” means the Local Democracy, Economic Development and Construction Act 2009

2. Interpretation

- 2.1 Clause, Schedule and Paragraph headings shall not affect the interpretation of this Deed;
- 2.2 The Schedule and Appendices form part of this Deed and shall have effect as if set out in full in the body of this Deed. Any reference to this Deed includes the Schedule and Appendices.
- 2.3 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 2.4 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 2.5 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time.
- 2.6 A reference to “this Deed” or to any other Deed, Agreement or document referred to in this Deed is a reference to this Deed or such other, Deed document or Agreement as varied from time to time.
- 2.7 References to Clauses, Schedules and Appendices are to the Clauses, Schedules and Appendices of this Deed and references to Paragraphs are to Paragraphs of the relevant Schedule.
- 2.8 No person other than a Party to this Deed shall have any rights to enforce any term of this Deed.
- 2.9 This Deed and any dispute or claim arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.
- 2.10 If any court or competent authority finds that any provision of this Deed (or part of any provision) is invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed to be deleted, and the validity and enforceability of the other provisions of this Deed shall not be affected.

3. Functions Retained by the NELB

- 3.1 In the absence of specific delegations to other bodies referred to in the Constitution (including committees and sub-committees of the NELB), all functions remain with the NELB.
- 3.2 Only the NELB will exercise the following functions which will require a unanimous vote in favour by all seven Constituent Authority members (or substitute members acting in place of those members)
 1. The adoption of, and any amendment to, or withdrawal of any Growth Plan included in the Budget and Policy Framework of the NECA's Constitution;
 2. The adoption of, and any amendment to, or withdrawal of any local transport plan under section 108(3) of the Transport Act 2000:
 3. The approval of, and any amendment to, the NECA's annual budget;
 4. The setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder;
 5. The allocation by the NELB of local transport plan funding to the individual Constituent Authorities and Nexus, and the approval of all other capital and revenue matters relating to the NECA's transport budget save where such matters have been expressly delegated to another body;
 6. The approval of, and any amendment to, or withdrawal of growth schemes set out in any adopted Growth Plan, including the local major schemes devolved funding;
 7. The approval of, and any amendment to, or withdrawal of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the NECA;
 8. The approval of, and any amendment to, or withdrawal of such other plans and strategies as determined by the NELB and included in the Budget and Policy Framework of the NECA's Constitution;
 9. The transfer of any further functions by the Constituent Authorities to the NECA;
 10. The appointment of any individual co-optees to the NELB;
 11. The use of the general power of competence by the NECA beyond the powers provided within the LDEDCA 2009.
 12. The approval of any amendment to the NECA's Constitution which has not been delegated to the Monitoring Officer (see Part 3.6 Scheme of Delegation of Functions to Chief Officers in the NECA's Constitution).
 13. The appointment of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer); and

14 The designation of the Combined Authority's Head of Paid Service

3.3 Other functions reserved to the NELB do not require a unanimous vote and include (but are not limited to):-

15. The approval of (and any amendment to or withdrawal of) all other major transport schemes (including such matters as Quality Contract Schemes and/or Voluntary Partnership Agreements);
16. The approval of (and any amendment to or withdrawal of) a public transport strategy;
17. Influence and/or co-ordination of strategic investment in the highway network across the combined area;
18. Co-ordination, with the statutory Highway Authorities, of the development of a joint highway management plan;
19. Strategic influence of the development and operation of air, rail, road, river, sea and public transport networks,
20. The approval of (and any amendment to or withdrawal of) transitional transport arrangements following the formation of the NECA;
21. The approval of (and any amendment to or withdrawal of) formal partnership agreements and arrangements with external partners and other stakeholders (e.g. central government, MPs/MEPs, rail franchisors/franchisees) on strategic transport issues;
22. The approval of the policies and strategies to be included in the policy framework;
23. The approval of the NECA's annual accounts;
24. The appointment/selection of the Overview and Scrutiny Committee and any other committee or sub-committee as considered by the NELB as appropriate to discharge its functions;
25. The appointment/selection of a Chair and Vice Chair(s) of any joint committee, committee or sub-committee;
26. The appointment of co-opted members to any of its joint committees, committees or sub-committees;
27. The appointment of the Independent Person as required by the Localism Act 2011;
28. The appointment of any independent expert adviser for the NECA or any of its joint committees, committees or sub-committees;
29. The designation of the Thematic Leads.

30. The dismissal of a statutory chief officer (Head of Paid Service, Monitoring Officer and Chief Finance Officer) and the appointment or dismissal of any deputy of such a statutory chief officer and the appointment or dismissal of any non-statutory chief officer or any deputy of such a non-statutory chief officer.

4. Transport functions of the Transport North East Committee (TNEC)

The following transport functions have been delegated by the NELB to the TNEC (and the TNEC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Monitoring the NECA's transport budget;
2. Approval of releases from the NECA's transport funding for capital schemes within the agreed capital programme and the agreed budget (as defined by the NELB) for the scheme concerned;
3. Formulation, development and monitoring of procedures for public consultation on, and lobbying for, the NECA's transport policies including taking responsibility for the active promotion of the Combined Area's transport interests;
4. Monitoring and overseeing the activities and performance of DCC and NCC in the discharge of the transport functions delegated to them by the NELB
5. The functions delegated to the TNEC also include those functions set out at Part 6 below and are delegated to TNEC on the strict understanding that they are exercisable in practice by the TWSC, a subcommittee of the TNEC.

5. Transport Functions Referred to the Transport North East Committee (TNEC)

The NELB shall seek the advice and recommendations of the TNEC on such transport matters as the NELB considers appropriate which shall include (but are not limited to): -

1. The NECA's revenue budget for transport and the setting of any transport levy;
2. The borrowing limits of the NECA in relation to transport matters pursuant to section 3 of the Local Government Act 2003;
3. The capital programme of NECA and the Delivery Agencies;
4. The development of policies for the promotion and encouragement of safe, efficient and economic transport facilities and services and the production of any Local Transport Plan pursuant to sections 108-112 of the Transport Act 2000;
5. Formulation of general policies with respect to the availability and convenience of public passenger services pursuant to section 9A (5)-(7) of the Transport Act 1968

6. Determination of issues arising from the rail franchising process;
7. The development of policies, setting of budgets and operational arrangements in connection with the NECA's Transport Studies Function

6. Transport functions of the Transport North East (Tyne and Wear) Sub-committee (TWSC)

The following transport functions have been delegated by the NELB to the TNEC and sub-delegated to the TWSC in respect of the area of the Tyne and Wear Authorities (and the TWSC shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Considering and recommending to NELB the creation and development of:-
 - (i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
 - (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000;
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985;
3. Implementing Ticketing Schemes pursuant to sections 135-138 of the Transport Act 2000
4. Determining the local bus information to be made available, and the way in which it should be made available, pursuant to sections 139-143 of the Transport Act 2000;
5. Determining the operation, performance and development accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
6. Monitoring and overseeing the activities and performance of Nexus (including but not limited to the power pursuant to section 15(6) of the Transport Act 1968 to give to Nexus such directions as appear appropriate to secure the observance of the rights of the NECA);
7. Ensuring that Nexus secures the provision of appropriate public passenger transport services pursuant to section 9A(3) of the Transport Act 1968;
8. Ensuring that Nexus implements those actions given to it for promoting the economic, social and environmental well-being of the Combined Area and its residents pursuant to section 99 of the Local Transport Act 2008;
9. Determining variations in charges for transport services or facilities provided by Nexus, pursuant to section 15(2) of the Transport Act 1968;
10. Authorising:-

- (i) The disposal of any land by Nexus pursuant to section 10(1)(xxiii) of the Transport Act 1968
 - (ii) The acquisition of any land by Nexus pursuant to section 10(1)(xx) of the Transport Act 1968; and
 - (iii) The development of any land by Nexus pursuant to section 10(1)(xxii) of the Transport Act 1968
11. Determining the operation, performance and development of tendered bus services, bus stations/stops, and passenger transport services pursuant to section 10(1)(1)(via) of the Transport Act 1968;
 12. Monitoring the performance of the Metro service and recommending appropriate action;
 13. Monitoring the operation and performance of bus, ferry and local rail services and influencing accordingly.
 14. Dealing with any other matter which has been transferred from the former Tyne and Wear ITA to the NECA under Article 6 of the Order, unless the matter has been explicitly reserved to the NELB in the foregoing provisions.

Further transport functions may be delegated to the TWSC by the NELB as it considers appropriate.

7. Transport functions of DCC and NCC

The following transport functions have been delegated by the NELB to DCC and NCC in relation to their respective administrative areas (and each County Council shall be able to exercise these functions provided that it does not cause the NECA to incur any expenditure other than that which the NELB has authorised for such purposes):

1. Considering and recommending to NELB the creation and development of:-
 - (i) Quality Partnership Schemes pursuant to sections 114-123 of the Transport Act 2000; and
 - (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
2. Implementing Concessionary Travel Schemes pursuant to sections 93 -105 of the Transport Act 1985;
3. Implementing Ticketing schemes pursuant to sections 135-138 of the Transport Act 2000
4. Determining the operation, performance and development of accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
5. All obligations of County Councils relating to mandatory travel concessions pursuant to sections 145A to 150 of the Transport Act 2000;

6. Those functions of County Councils set out in Part IV of the Transport Act 1985 (Passenger Transport in areas other than Integrated Transport Areas) under:

Section 63 – functions of local Councils with respect to passenger transport

Section 81 – provision, maintenance and operation of bus stations

Section 82 – bus stations: restriction on discriminatory practices

8. Appointment of Chair and Vice Chairs of the NELB

- 8.1 The Chair and Vice Chairs of the NELB will be appointed at the annual meeting of the NELB which will take place as soon as practicable after the Constituent Authorities have held their annual meetings.
- 8.2 Notwithstanding Clause 8.1 above, the Chair and Vice Chairs will hold their respective positions for a term of 2 municipal years commencing on the day of their appointment.
- 8.3 The Chair and Vice Chairs may continue to hold their respective positions for a further period of not more than 2 years from the last date of their initial term of 2 years with the agreement of the other members of the NELB.

9. Establishment of the TNEC

- 9.1 Pursuant to Section 101(5) of the LGA 1972, and Regulations 9, 10, 11 and 12 of the 2012 Regulations, the Parties agree to enter into arrangements to discharge certain of their functions relating to transport jointly and for this purpose to establish a joint committee to be called the Transport North East Committee (“the TNEC”).
- 9.2 The TNEC may establish Sub-Committees.
- 9.3 Each Constituent Authority shall appoint two members to be a member of the TNEC with one such member having portfolio responsibility for transport within the Constituent Authority.

10. Transport Functions Undertaken by Nexus

- 10.1 Subject to the monitoring and oversight of the TWSC, Nexus will discharge in the Tyne and Wear Authority areas the functions and responsibilities that fall to it under the following legislation –

Transport Act 1968;
The Tyneside Passenger Transport Area (Designation) Order 1969;
Tyneside Metropolitan Railway Act 1973;
Tyne and Wear Passenger Transport Act 1979;
Transport Act 1983;
Transport Act 1985 – Parts III, IV and V
Tyne and Wear Passenger Transport Act 1989;
Railways Act 1993;
The Railways (Class and Miscellaneous Exemptions) Order 1994;

The Tyne and Wear Passenger Transport (Sunderland) Order 1994;
Transport Act 2000 – Part II;
Railways Act 2005;
Local Transport Act 2008

- 10.2 Nexus will discharge in the Tyne and Wear Authority areas any functions and responsibilities given to it by further legislation or any amendments to the legislation set out in Clause 10.1 above.

11. Other Provisions.

- 11.1 The TNEC and the TWSC will conduct business in accordance with the Rules of Procedure set out in Part 4 of the Constitution.
- 11.2 The costs and liabilities incurred by the TWSC will be met by the Tyne and Wear Authorities.
- 11.3 The NECA will meet such costs and liabilities as are reasonably attributable to the exercise of the functions of the NELB delegated or referred to the TNEC, TWSC, DCC or NCC subject to the provisions of the Order and the Indemnity set out in Clause 14 below.
- 11.4 Where a Constituent Authority nominates a member to a Committee of the NECA, the NELB will accept that nomination.

12. Transport Protocols

- 12.1 The Parties will draw up and agree detailed Protocols in relation to the operation and discharge of transport functions by the NELB which will be annexed to this Deed when agreed.
- 12.2 The Transport Protocol relating to DCC and NCC is at Appendix 1 of this Deed.
- 12.3 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.
- 12.4 Protocols drawn up agreed or revised under this Clause will not override anything provided for or required by this Deed and will not in themselves constitute arrangements for the discharge of functions made in accordance with Section 101 of the LGA 1972 and the 2012 Regulations.

13. Funding of Transport Functions Transferred by the Order

- 13.1 The costs of the NECA reasonably attributable to the exercise of its transport functions will be met by means of three separate levies issued by the NECA to the Tyne and Wear Authorities, DCC and NCC.

14. Indemnity

- 14.1 The Tyne and Wear Authorities shall indemnify the County Councils in respect of any costs, claims, liabilities or expenses that may arise to the County Councils as a consequence of their participation in or membership of the NECA to the extent that they arise as a consequence of any decision for the provision of transport within any part or the whole of the former ITA area, and not within the area of the County Councils.
- 14.2 Each County Council shall indemnify the Tyne and Wear Authorities in respect of any costs, claims, liabilities or expenses that may arise to the Tyne and Wear Authorities as a consequence of the Tyne and Wear Authorities participation in, or membership of, the NECA to the extent that they arise as a consequence of any decision for the provision of transport within any part or the whole of the County Council areas, and not within the area of any of the Tyne and Wear Authorities.
- 14.3 In the absence of any agreement to the contrary;
- (i) the carrying out of any works relating to any property or assets which transferred to the NECA from the ITA by operation of the Order which continue to be applied to any transport functions within the Combined Area by the NECA, and any associated costs, will be a matter for and the responsibility of the Tyne and Wear Authorities to determine as between them; and
 - (ii) the carrying out of any works relating to any property or assets which may be deemed to have transferred to the NECA from either of the County Councils by operation of the Order, and which continue to be applied to any transport functions within the Combined Area by the NECA, and any associated costs, will be a matter for and the responsibility of the County Council within whose boundaries such property or assets are situate.
 - (iii) any income or revenue which is derived from assets, functions or operations which transferred from the ITA to the NECA by virtue of the Order (including but not limited to the Tyne Tunnels) shall be ring-fenced for use within the area of the Tyne and Wear Authorities;
 - (iv) any income or revenue which is derived from functions or operations which transferred from either DCC or NCC (“the Transferring Authority”) to the NECA by virtue of the Order or which are derived from assets relating to or connected with such functions or operations shall be ring-fenced for use within the area of the Transferring Authority.
- 14.4 Each Constituent Authority shall indemnify the NECA and each other Constituent Authority in respect of any costs, claims, liabilities and expenses that may arise from the exercise by any of them, or any group of them, prior to the date of the coming into being of the NECA of any statutory power or duty the responsibility for which has passed to the NECA or any statutory power or duty exercised concurrently between the NECA and the Constituent Authorities.
- 14.5 Nothing in this Clause 14 of this Deed shall extend to indemnify any party to the extent that any liability in respect of which indemnification is sought has been

caused or contributed to by any act or omission of the party seeking the benefit of this indemnity.

- 14.6 It is acknowledged by the parties that all costs claims and liabilities that may arise in respect of the pension funds for the Tyne and Wear authorities and DCC and NCC will be calculated in accordance with Article 5 (4) of the Order.
- 14.7 The Indemnity set out in Clause 14.1 to 14.6 and Clause 14.3 shall be reviewed as considered appropriate by the Constituent Authorities. The Indemnity and Clause 14.3 shall be reviewed in any event if it is proposed that Nexus (or any body in the role of Executive Body of the NELB) should operate beyond the geographical boundaries of the Tyne and Wear Authority areas.

15. The DCC and NCC Property

- 15.1 It is acknowledged by the parties that DCC and NCC retain any and all rights in any property or assets associated with the delivery of any of their respective transport functions on behalf of the NECA, and that they retain, without limitation, the rights to dispose of, develop and raise income and revenue from such property or assets. If any court or tribunal decide that Article 11(4) of the Order has the effect of transferring any such property to the NECA, the NELB undertakes to transfer such property or assets back to the relevant County Council at a nominal consideration as soon as is reasonably practicable following the finalisation of any procedures or requirements required to be entered into or undertaken to enable any transaction to be for a nominal consideration.

16. Accountable Body for the NELEP

- 16.1 Each of the Constituent Authorities shall indemnify the NECA in equal proportions for all and any costs, claims, liabilities and expenses that may arise from the NECA acting as the Accountable Body for the NELEP, unless the costs, claims, liabilities and expenses are incurred as a result of a negligent act or default of one or more Constituent Authorities, in which case only that or those Constituent Authorities shall indemnify the NECA.

17. Economic Development Protocols

- 17.1 The Parties will draw up and agree detailed Protocols in relation to the discharge of the economic development functions set out in Schedule 2 of the Order which are exercisable by the NECA concurrently with the Constituent Authorities, having regard to the provision in Article 12(3) of the Order that any requirement in any enactment for a Constituent Authority to exercise such a function may be fulfilled by the exercise of that function by the NECA.
- 17.2 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.
- 17.3 Clause 12.4 above applies to Protocols drawn up, agreed or revised under this Clause as it does in relation to Protocols under Clause 12 above.

17.4 The Economic Development Protocols will be annexed to this Deed as and when agreed between the Parties.

18. Regeneration Protocols

18.1 The Parties will draw up and agree detailed Protocols in relation to the discharge of the Regeneration functions set out in Schedule 2 of the Order which are exercisable by the NECA concurrently with the Constituent Authorities, having regard to the provision in Article 12(3) of the Order that any requirement in any enactment for a Constituent Authority to exercise such a function may be fulfilled by the exercise of that function by the NECA.

18.2 The Parties will keep the Protocols under regular review and may revise them from time to time and shall submit any such revised, new or further Protocol, to the NELB for consideration and approval.

18.3 Clause 12.4 above applies to Protocols drawn up, agreed or revised under this Clause as it does in relation to Protocols under Clause 12 above.

18.4 The Regeneration Protocols will be annexed to this Deed as and when agreed between the Parties

19. Economic Development and Regeneration Functions

19.1 The economic development and regeneration functions set out in Schedule 2 of the Order are –

The power under section 144 of the LGA 1972 (the power to encourage visitors and provide conference facilities).

The duties under sections 15ZA, 15ZB, 15ZC, 17A, 18A (1)(b), 514A and 560A of the Education Act 1996 (duties and powers related to the provision of education and training for persons over compulsory school age).

The duty under section 69 of the LDEDCA 2009 (duty to prepare an assessment of the economic conditions of the local authority's area).

19.2 It is agreed that the function under Section 69 of the LDEDCA 2009 (duty to prepare an assessment of economic conditions) will be exercised by the NECA, and that pursuant to the Order any requirement for the Constituent Authorities to exercise this function will be fulfilled by its exercise by the NECA.

20. Overview and Scrutiny Arrangements

20.1 The NELB will establish an Overview and Scrutiny Committee to enable the Constituent Authorities to exercise an overview and scrutiny role in relation to the decisions and activities of the following bodies –

- (a) the NELB
- (b) the TNEC
- (c) the TWSC
- (d) any other committees, sub-committees or joint committees of the above
- (e) Nexus

- (f) DCC and NCC in relation to transport functions delegated to them
- (g) the NELEP to the extent that they agree or otherwise at such time that the NECA becomes the Accountable Body for the NELEP and the review relates to the fulfilment of the role of Accountable Body by the NECA

20.2 The Constituent Authorities will make arrangements (whether by standing orders or otherwise) enabling questions on the discharge of the functions of the NECA to be put to that Constituent Authority's representative on the NELB and for such questions to be answered by that representative at a meeting of full Council of that Constituent Authority.

21. Review of the Constitution

21.1 Notwithstanding the requirements contained within the Constitution of the NECA at Part 1 Section 18 "Review and Revision of the Constitution" that Parties agree to undertake an interim review of the operation of the Constitution and report the outcome of the review to the NELB 6 months following the establishment of the NECA or as soon as possible thereafter. A further review will be carried out 6 months after the completion of the interim review and reported to the NELB and thereafter shall be undertaken annually in accordance with the requirements of the Constitution.

22. Review of Arrangements

22.1 The Parties will undertake, pursuant to Section 111 of the LDEDCA 2009, a joint review of the matters set out in Clause 21.2 to be commenced, whichever is the earlier of:

- (a) The fifth anniversary of the commencement date of the NECA; or
- (b) Immediately after notice is given by a Constituent Authority requesting a joint review, provided that such notice is not given before the third anniversary of the Commencement date of the NECA.

22.2 The matters are –

- (a) A matter in respect of which an Order may be made under any of sections 104 to 107 of the LDEDCA 2009
- (b) A matter concerning the NECA or Nexus that the NELB has power to determine
- (c) Any other matter contained in this Deed

22.3 The provisions of this Clause are without prejudice to the statutory rights of one or more of the Parties to undertake their own review at any time.

22.4 The joint review referred to in Clause 22.1 and 22.2 will be undertaken in accordance with Schedule 1 of this Deed.

23. Amendments to this Deed

23.1 This Deed may be amended following agreement in writing by all the Parties.

23.2 The operation of this Deed will be subject to an annual review.

24. Dispute Resolution

24.1 Any dispute between the Parties arising out of this Deed which cannot be settled shall be referred to the Heads of Paid Service of the Parties to the dispute who will negotiate to resolve the matter in good faith.

25. Termination

25.1 This Deed will terminate as necessary and at a time agreed by all of the Parties following a joint review carried out in accordance with Clauses 22.1, 22.2 and 22.4.

25.2 This Deed will be terminated by the making of an Order by the Secretary of State under sections 104 to 107 of the LDEDCA 2009

26. Notices

26.1 Any notice, demand or other communication required to be served on the NECA under this Deed shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or email or facsimile transmission to the NECA's Monitoring Officer at the Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. If so sent, any such notice, demand or other communication shall, subject to proof to the contrary, be deemed to have been received by the NECA's Monitoring Officer at the time of personal delivery or on the second working date after the date of posting or transmission as the case may be.

26.2 Any notice, demand or other communication required to be served on one or more of the Constituent Authorities under this Deed shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or email or facsimile transmission to the Monitoring Officer(s) of the Constituent Authority(ies) concerned. If so sent, any such notice, demand or other communication shall, subject to proof to the contrary, be deemed to have been received by the Constituent Authority(ies) concerned at the time of personal delivery or on the second working date after the date of posting or transmission as the case may be.

IN WITNESS whereof the Parties have caused this Deed to be executed the day, month and year first before mentioned.

The Common Seal of **THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE, NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY**
Was affixed hereunto in the presence of :-

Monitoring Officer

EXECUTED as a **DEED** (but not delivered until the date of it) by the affixing of the Common Seal of **THE COUNTY COUNCIL OF DURHAM** By Order :-

Authorised Sealing Officer
(A permanent Officer of the County Council)

The Common Seal of **THE BOROUGH COUNCIL OF GATESHEAD**
Was affixed in the presence of :-

Mayor

Solicitor to the Council

Executed as a deed by affixing
The common seal of **THE COUNCIL
OF THE CITY OF NEWCASTLE
UPON TYNE**
in the presence of :-

Lord Mayor

Assistant Director Legal Services/
Senior Solicitor

The Common Seal of **THE COUNCIL
OF THE BOROUGH OF NORTH
TYNESIDE**
Was affixed in the presence of :-

Chair of the Council

Authorised Signatory

The Common Seal of **NORTHUMBERLAND
COUNTY COUNCIL**
Was hereunto affixed in the presence of :-

Authorised Officer

The Common Seal of **THE COUNCIL OF
THE BOROUGH OF SOUTH TYNESIDE**
Was hereunto affixed in the presence of :-

Mayor

Head of Legal Services

The Seal of **The COUNCIL OF THE
CITY OF SUNDERLAND**
Was hereunto affixed in the presence of:

Authorised Officer

SCHEDULE 1

1. Introduction

- 1.1 The Order establishing the NECA may be changed by a further Order made by the Secretary of State under Sections 104 to 107 of the LDEDCA 2009 in accordance with the statutory procedure in the LDEDCA 2009.
- 1.2 Section 111 of the LDEDCA 2009 provides that any one or more of the Constituent Authorities or the NECA may undertake a review relating to the whole of the NECA or one or more areas of the NECA. Such a review can be on one or more of the matters in respect of which an order can be made under Sections 104 – 107 of the LDEDCA 2009 including changing the boundaries of a combined authority by adding or removing an area to or from an existing combined authority (with the relevant Authority's consent). No change can be made to the areas included in the combined authority without an Order of the Secretary of State following such a review and the publication of a scheme by the Authority or Authorities carrying out the review.
- 1.3 The Constituent Authorities wish to record the arrangements which have been agreed between them for the conduct of any future review in relation to the NECA or any one or more areas of the NECA under sections 111 and 112 of the LDEDCA 2009.
- 1.4 The Constituent Authorities in particular wish to acknowledge the intention to review the future integration of transport provision and arrangements across the Combined Area.

2. Agreement to Undertake a Joint Review

- 2.1 The Constituent Authorities will develop a set of indicators (the indicators) based on the priorities in the NELB's Strategy (and any delivery plan developed thereunder) which will be agreed by each Constituent Authority and which may be used by the NELB and Constituent Authorities to assist in assessing performance of the NECA including use in any review under Section 111 of the LDEDCA 2009.
- 2.2 The Constituent Authorities will undertake a joint review with the NECA to be commenced on whichever is the earlier of:-
 - (a) the fifth anniversary of the commencement date of the NECA; or
 - (b) immediately after a Constituent Authority serves notice on the NECA and other Constituent Authorities requesting a joint review provided that such notice is not given before the third anniversary of the commencement date.
- 2.3 The matters which will be considered in any joint review are those matters set out in Section 111(3) of the LDEDCA 2009, which in particular will include:
 - (i) Performance of the NECA against the indicators;

- (ii) Performance of the NECA in improving the exercise of the relevant statutory functions, economic conditions and transport in the NECA's area and in the area of individual Constituent Authorities;
- (iii) Costs and value for money;
- (iv) Constitutional arrangements including membership and voting;
- (v) Functions of the NECA;
- (vi) The boundaries of the NECA;
- (vii) Relationship of the NECA to its executive delivery body, Nexus;
- (viii) The progress towards the greater integration of the transport functions across the combined area; and
- (ix) Any other criteria reasonably considered relevant by any of the Constituent Authorities or the NELB.

2.4 The Constituent Authorities will procure that in any joint review an independent person is commissioned to consider those matters set out in Paragraph 2.3 above and to report on:

- (i) The performance of the NECA against the indicators and other review criteria, and
- (ii) Any changes to the NECA's functions, area, constitutional arrangements which would be likely to improve:
 - (a) the exercise of statutory functions relating to transport, economic development and regeneration or
 - (b) the effectiveness and efficiency of transport and the economic conditions in the area of the NECA or an area of a Constituent Authority.

Any representations, reports and other information submitted by a Constituent Authority will be taken into account in the review.

3. Separate Authority Review

3.1 In the event that a Constituent Authority decides either alone or together with another Constituent Authority to undertake a review under Section 111 of the LDEDCA 2009 which is not a joint review as provided for in Paragraph 2 above, each Constituent Authority agrees as follows:

- (i) each Constituent Authority undertaking such a review will give notice to the other Constituent Authorities and the NECA setting out the matters which are to be the subject of the review;
- (ii) each Constituent Authority (whether or not undertaking such a review) will provide and will procure that the NECA provides such information or independent reports including the reports referred to at Paragraph 2.4 above

as are reasonably required by the reviewing Constituent Authority or Authorities in order to conduct such a review.

4. General

- 4.1 If one or more Constituent Authorities or the NECA, having undertaken a joint review as provided for in Paragraph 2 or a separate review as provided for in Paragraph 3, publishes a scheme under Section 112 of the LDEDCA 2009 proposing the removal of an area or areas from the area of the NECA (with the consent of the Constituent Authority(ies) for the area or areas), each of the remaining Constituent Authorities will take all reasonable steps to support the removal of the said area(s) from the area of the NECA including in any response to the Secretary of State in the course of his/her consultation on any proposed order.

- (ii) Quality Contracts Schemes pursuant to sections 124-134 of the Transport Act 2000.
- 2. Implementing Concessionary Travel Schemes pursuant to sections 93 - 105 of the Transport Act 1985;
- 3. Implementing Ticketing Schemes pursuant to sections 135-138 of the Transport Act 2000;
- 4. Determining the operation, performance and development of accessible transport provision (including the provision of grants) pursuant to section 106 of the Transport Act 1985;
- 5. All obligations of County Councils relating to mandatory travel concessions pursuant to sections 145A to 150 of the Transport Act 2000
- 6. Those functions of County Councils set out in Part 4 of the Transport Act 1985 (Passenger Transport in areas other than Integrated Transport Areas) under:

Section 63 – functions of local Councils with respect to passenger transport

Section 81 – provision, maintenance and operation of bus stations

Section 82 – bus stations: restriction on discriminatory practices

The Role of the County Councils

- 5. The Executive and Policy Board of the County Councils will meet on a date as soon as reasonably practicable after the delegation of the delegated functions by the NECA. On meeting, the Executive and Policy Board will receive a report on the exercise of the delegated functions and will decide if any functions will be carried out by officers and upon what basis. Functions carried out by officers will be exercised subject to consultation with the relevant portfolio holder of the Executive or Policy Board and /or the Leader.
- 6. The relevant Portfolio Holder will provide reports when required to the Transport North East Committee of the NECA advising on how the delegated functions have been exercised, are to be exercised, and how any exercise or planned exercise of functions meets or will meet the policies and strategies set by the NECA.
- 7. The Executive and Policy Board of the respective County Councils through delegation to officers will support, advise and assist in the development of plans and strategies on a regional and sub-regional basis including the Local Transport Plan and a Strategic Transport Plan.

IN WITNESS whereof the Parties have caused this Deed to be executed the day, month and year first before mentioned.

The Common Seal of **THE DURHAM, GATESHEAD, NEWCASTLE UPON TYNE, NORTH TYNESIDE, NORTHUMBERLAND, SOUTH TYNESIDE and SUNDERLAND COMBINED AUTHORITY**
Was affixed hereunto in the presence of :-

Monitoring Officer

EXECUTED as a **DEED** (but not delivered until the date of it) by the affixing of the Common Seal of **THE COUNTY COUNCIL OF DURHAM** By Order :-

Authorised Sealing Officer
(A permanent Officer of the County Council)

The Common Seal of **THE BOROUGH COUNCIL OF GATESHEAD**
Was affixed in the presence of :-

Mayor

Solicitor to the Council

Executed as a deed by affixing
The common seal of **THE COUNCIL
OF THE CITY OF NEWCASTLE
UPON TYNE**
in the presence of :-

Lord Mayor

Assistant Director Legal Services/
Senior Solicitor

The Common Seal of **THE COUNCIL
OF THE BOROUGH OF NORTH
TYNESIDE**
Was affixed in the presence of :-

Chair of the Council

Authorised Signatory

The Common Seal of **NORTHUMBERLAND
COUNTY COUNCIL**
Was hereunto affixed in the presence of :-

Authorised Officer

The Common Seal of **THE COUNCIL OF
THE BOROUGH OF SOUTH TYNESIDE**
Was hereunto affixed in the presence of :-

Mayor

Head of Legal Services

The Seal of **The COUNCIL OF THE
CITY OF SUNDERLAND**
Was hereunto affixed in the presence of:

Authorised Officer

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Cabinet

8 July 2020

**2019/20 Final Outturn for the General Fund
and Collection Fund**



Ordinary Decision

Report of Corporate Management Team

**John Hewitt, Corporate Director of Resources
Councillor Alan Napier, Portfolio Holder for Finance**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with information on the:
 - (a) final revenue and capital outturn for the General Fund for 2019/20;
 - (b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2019/20;
 - (c) use of and contributions to earmarked, cash limit and general reserves in year and the closing position regarding balances held at 31 March 2020.

Executive summary

- 2 The final revenue outturn position for 2019/20 is a net cash limit overspend of £5.088 million plus an overachievement of core government grant and underspend on all other budgets of £5.061 million. The total net overspend is £27,000, which represents less than 0.01% of the revised net expenditure budget of £421.576 million.
- 3 Total general, earmarked and cash limit reserves (excluding school reserves) decreased by £5.530 million in 2019/20, from £234.175 million at 31 March 2019 to £228.645 million at 31 March 2020, although this reduction would have been £17.5 million higher were it not for the receipt of the first tranche of the Covid 19 Support Grant on 27 March 2020. The unutilised element of the first tranche of £17.5 million has been transferred into an earmarked reserve.

- 4 The final capital outturn position for 2019/20 is an underspend of £7.446 million, which is 6.3% of the revised capital budget of £117.574 million.
- 5 The final outturn for the Council Tax Collection Fund is a surplus of £0.220 million. Durham County Council's share of the actual surplus generated in 2019/20 is £0.184 million.
- 6 The actual outturn for the Business Rates Collection Fund is a net surplus of £9.949 million of which Durham County Council's share (49%) is £4.875 million.

Recommendations

- 7 It is recommended that Cabinet note:
 - (a) the final revenue outturn overspend of £27,000 which represents less than 0.01% of the revised net expenditure budget of £421.576 million;
 - (b) the decrease in the Cash Limit Reserves of £1.158 million during 2019/20 with closing Cash Limit Reserves of £11.757 million. These sums will continue to be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively;
 - (c) the closing General Reserve balance of £23.950 million;
 - (d) the closing balance on General Fund Earmarked Reserves (excluding Cash Limit Reserves) is £192.938 million;
 - (e) the closing balance on Schools Reserves is £12.142 million;
 - (f) the outturn position for the Collection Funds in respect of Council Tax and Business Rates.
- 8 It is recommended that Cabinet approve:
 - (a) a capital budget of £10.978 million is carried forward into 2020/21;
 - (b) that service groupings regularly review capital profiles throughout 2020/21, reporting revisions to Cabinet as necessary.

Background

- 9 The financial landscape for the council is likely to remain challenging for the foreseeable future. By 31 March 2020, the council will have delivered savings of £234 million since 2010.

- 10 The financial outlook will continue to be extremely uncertain as the expected Comprehensive Spending Review has been delayed until the Autumn of 2020 and may only cover one year due to the impact of Covid 19. In addition the Fair Funding Review and move to 75% Business Rate Retention have been delayed again with, an earliest implementation date of 2022/23.
- 11 The outcome of these reviews will determine the quantum of funding available to local government and the share available to the council. The added uncertainty brought about by the exit from the European Union will only serve to compound these issues. There is a risk that funding reductions may continue beyond this point placing further pressure on the Medium Term Financial Plan (MTFP).
- 12 The Covid 19 outbreak will also have a significant financial impact on the council in 2020/21 with the impact then likely to be felt in future years. The council began to experience the impact of the outbreak in March 2020 when a number of front line service facilities were closed. There has been an increase in claims for Local Council Tax Support and an expected reduction in business rate income due to business closures. Consequently, the council will suffer significant reductions in income in 2020/21 and beyond.
- 13 The council's spending has also significantly increased to cope with the outbreak. Although government initially indicated that it would fund all of the additional costs associated with the pandemic, this is no longer a certainty. Local Authorities may be expected to use their own reserves to fund any shortfall in future funding.
- 14 On 20 February 2019, County Council agreed a net revenue budget of £411.050 million for 2019/20. Factoring in cuts in Government grant, inflation and other budget pressures, £10.334 million of savings were required in 2019/20 to deliver a balanced budget.
- 15 Quarterly forecast outturn reports have been considered by Cabinet throughout the 2019/20 financial year. Detailed reports on individual service groupings have also been considered by the various Overview and Scrutiny Committees.
- 16 This final outturn for 2019/20 has been prepared as part of the production of the Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director of Resources is required to make a number of technical decisions in the best financial interests of the Council. Such decisions will be fully disclosed in the Statement of Accounts.

General Fund Outturn

- 17 This section of the report details the following:
- (a) cash limit outturn for service groupings;
 - (b) overall revenue outturn for the General Fund with summarised service grouping commentary;
 - (c) overall capital outturn of the General Fund with summarised service grouping commentary.

Cash Limit Outturn for Service Groupings

- 18 The overall outturn for the council is shown in Appendix 2 which details how the cash limit outturn for each service grouping is calculated. Two key elements have been excluded from the service grouping outturn when calculating the cash limit outturn as detailed below:

(a) **Sums Outside the Cash Limit**

Certain expenditure and income items are excluded from the Cash Limit for a range of reasons. Examples of these are as follows:

- (i) items not controlled by the service groupings e.g. technical accounting entries such as capital charges and central administration recharges processed at year end;
- (ii) exceptional items and expenditure pressures which were not accounted for in the service grouping base budget build and which are funded from contingencies or earmarked reserves held corporately e.g. redundancy and early access costs linked to restructuring activity to achieve MTFP savings proposals.

(b) **Use of or Contribution to Earmarked Reserves**

Sums that service groupings have utilised or contributed to earmarked reserves have been excluded from their outturn position in order to calculate the year end cash limit position.

- 19 After taking into account the above exclusions, three of the service groupings generated a cash limit underspend in 2019/20 whilst two service groupings overspent. Children and Young Peoples Service (CYPS) did not have a cash limit reserve balance and have overspent by £6.217 million. This has required a drawing from General Reserve to this value. Regeneration and Local Services overspent by £1.790 million which was drawn from the service grouping cash limit. Further detail can be found within service grouping commentaries.
- 20 Overall in 2019/20 there was a net use of cash limit reserves of £1.158 million. The cash limit position for each service grouping is detailed in the table below:

Type of Reserve	Opening Balance at 1/4/19	Budgeted use at 1/4/19	Movement during 2019/20		Closing balance at 31/3/20
			Contribution to (-) or use of Reserve during 2019/20	Final Outturn	
Service Grouping Cash Limit	£ million	£ million	£ million	£ million	£ million
Adult and Health Services	-7.919	0.000	1.084	-1.520	-8.355
Children & Young People's Services	0.000	0.000	-6.217	6.217	0.000
Regeneration & Local Services Resources	-3.152	0.000	1.036	1.790	-0.326
Transformation & Partnerships	-1.572	0.009	0.115	-1.311	-2.759
	-0.272	0.000	0.043	-0.088	-0.317
Total Cash Limit Reserve	-12.915	0.009	-3.939	5.088	-11.757

- 21 In closing the accounts for 2019/20, a review of all reserves has been undertaken. Consequently the following earmarked reserve has been replenished as part of the final accounts closedown process via a transfer from the Insurance Reserve:
- (a) Commercialisation Reserve (£2.600 million) – to provide resources to enable the authority to improve value for money in the context of its commercialisation agenda.
- 22 The council received £18.588 million from central government on 27 March 2020, the first tranche of Covid 19 Support Grant funding. A sum of £1.067 million was utilised and allocated to the relevant Service Groupings in 2019/20 to meet the additional costs and lost revenue incurred due to the Covid 19 outbreak. A new earmarked reserve has been created with the remaining £17.521 million, which will be utilised in 2020/21 to fund additional expenditure and lost income related to Covid 19.

Revenue Outturn

23 Appendix 2 provides a more detailed outturn position for the council's general fund by service grouping. In addition, Appendix 3 provides a detailed outturn position for the council by type of expenditure and income. The following table provides a summary of the final outturn position:

	£m	£m
Gross expenditure		1,532.272
Gross income		-1,102.577
Net Expenditure		429.695
Financed by:		
Council Tax	-222.267	
Estimated net surplus on Collection Fund	-2.168	
Business Rates	-54.473	
Top up grant	-71.613	
Levy Account Surplus Grant	-0.427	
Revenue Support Grant	-27.620	
Covid 19 LA Support Grant	-17.521	
New Homes Bonus	-6.709	
Section 31 Grant	-11.348	
Adult/Childrens Pressures Grant	-4.822	
Net contribution from Cash Limit Reserve	-1.159	
Use of (-) / contribution to earmarked reserves		
Schools and DSG	-5.199	
Non- schools	-3.213	
Net contribution from the General Reserve	-1.156	
		-429.695

- 24 The final outturn position for 2019/20 was an overspend of £27,000. The table below details the transfers to/ from reserves:

	£m
2019/20 underspend transferred to General Reserve	-5.061
2019/20 overspend transferred from Cash Limit Reserves	5.088
Total 2019/20 Overspend	0.027

- 25 The final outturn position for the Council's General Reserve is detailed below:

	£m
Opening Balance as at 1 April 2019	-25.106
2019/20 Underspend to General Reserve	-5.061
Less:	
Transfer to CYPS Cash Limit Reserve	6.217
Closing General Reserve Balance at 31 March 2020	-23.950

- 26 The general reserve balance carried forward of £23.950 million is within the council's general reserves policy of retaining between 5% and 7.5% of the net budget requirement, which in cash terms is between £21.503 million and £32.254 million. The £23.950 million balance at 31 March 2020 equates to 5.57% of the 2020/21 net budget requirement.

- 27 The main reasons for the movement in the general reserve balance during 2019/20 are as follows:

- (a) a transfer of £6.217 million to CYPS cash limit reserve at year end to eradicate the negative cash limit reserve. This negative cash limit reserve has resulted from intense pressure upon the CYPS revenue budget which is detailed later in the report;
- (b) interest payable and similar charges - £0.916 million more than budget relating to an adjustment required regarding the outstanding loan with Newcastle Airport, linked to the impact of

Covid 19 upon the airport. The loan repayments will be made over a revised profile;

(c) sums outside the cash limit - £80,000 more than budgeted;

substantially offset by:

(d) levy account surplus grant - £0.427 million which was not budgeted for. This is a payment from the government relating to surplus national levy funding within the business rate retention process which was not expected, but distributed in March 2020;

(e) interest and investment income - £1.881 million more than budgeted. This underspend is mainly generated from higher than forecast returns on loan investments and commercial activities;

(f) section 31 grant income - £0.925 million more than budgeted, relating mainly to changes in business rate reliefs resulting in an increase in Section 31 grant;

(g) corporate costs - £0.415 million less than budgeted, relating mainly to increased capital receipts below the £10k de minimus level and underspends on audit fees, subscriptions and bank charges. These budgets will be reviewed to determine if savings can be included in MTFP(11);

(h) contingencies - £2.345 million less than budgeted;

28 The following tables show that in 2019/20 the total non schools reserves decreased by 2.4%, from £234.175 million to £228.645 million. The reduction would have been £17.5 million higher were it not for the receipt of the first tranche of the Covid 19 Support Grant on 27 March 2020. The unutilised element of the first tranche of £17.5 million has been transferred into an earmarked reserve.

29 The schools balances reduced by 30.0%, from £17.341 million to £12.142 million during 2019/20, mainly as a result of an overspend in the centrally retained DSG reserves, which is detailed later in the report. Appendix 4 details the movement on earmarked reserves during 2019/20.

Total Non School Reserves

	General Reserve	Earmarked Reserves	Cash Limits	TOTAL
	£m	£m	£m	£m
Opening Balance at 1 April 2019	-25.106	-196.154	-12.915	-234.175
Contribution to (-) / Use of Reserves	1.156	3.216	1.158	5.530
Balance at 31 March 2020	-23.950	-192.938	-11.757	-228.645

Schools Balances

	Schools Balances	Centrally Held DSG	TOTAL
	£m	£m	£m
Opening Balance at 1 April 2019	-17.690	0.349	-17.341
Contribution to (-) / use of Reserves	1.741	3.458	5.199
Balance at 31 March 2020	-15.949	3.807	-12.142

Service Grouping Commentary

30 A summary of the outturn for each service grouping is provided below. Detailed outturn reports will be provided to the relevant Overview and Scrutiny Committees.

Adult and Health Services (AHS)

31 The 2019/20 outturn for Adult and Health Services (AHS) was a cash limit underspend of £1.520 million, representing circa 1.3% of the total budget for AHS. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the strategic reserve, year-end capital entries and contributions to and from earmarked reserves.

32 The cash limit outturn compares to the previously forecast position at quarter 3 of £2.355 million under budget.

33 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash

limit and to prepare for 2020/21 MTFP savings requirements. The outturn position is accounted for as follows:

- (a) early achievement of a number of future years' MTFP savings from management and support service proposals across the Adult Care and related areas, together with the careful management and control of vacant posts and supplies and services budgets across the service, particularly in County Durham Care and Support Services, has created a net underspend for the year of £2.307 million.
- (b) net spend on adult care packages was £0.787 million over budget, with spending on Learning Disabilities and Mental Health packages increasing in comparison to the previous forecasts. Spending on adult care packages continues to be closely monitored to assess the impact of demographic and procedural/ operational changes, where significant MTFP savings have been taken in previous years.
- (c) net expenditure on Public Health related activity is in line with grant allocations.

34 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn arriving at the cash limit at the year end:

- (a) £0.322 million relates to net contributions to earmarked reserves to support specific projects:
 - (i) A net use of the Social Care Reserve of £1.856 million to fund future social care activity;
 - (ii) A £2.178 million contribution to the Public Health Reserve, reflecting net underspending in year and ensuring this ring-fenced grant is retained for Public Health spending in future years.
- (b) £0.078 million net use of reserves in relation to ER/VR costs and insurance recharges incurred in quarter 4.
- (c) £4.273 million relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges outside the cash limit.

35 Taking the outturn position into account, the cash limit reserve to be carried forward for Adult and Health Services is £8.355 million as at 31 March 2020.

Children and Young People's Services (CYPS)

- 36 The 2019/20 outturn for CYPS is a cash limit overspend of £6.217 million, representing circa 5.4% of the total budget for CYPS. This takes into account adjustments for sums outside the cash limit, such as redundancy costs, which were met from corporate reserves, year end capital entries and contributions to and from earmarked reserves.
- 37 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit overspend of £4.614 million.
- 38 The outturn position is accounted for as follows:
- (a) The Education Service was £2.535 million over budget. Within this area, there was an overspend of £3.127 million on Home to School Transport budget, which is largely as a result of various pressures linked to increased demand, increased contract prices and the effect of the implementation of Public Service Vehicle Accessibility Regulations (PSVAR) which was introduced in 31st December 2000 (with all vehicles expected to be fully accessible from 1st January 2020). This overspend was partially offset by savings of £0.355m due to the alternative funding arrangements for the nursery sustainability service and the early achievement of MTFP restructure savings of £0.237 million.
 - (b) Children's Services were £3.682 million over budget for the year. This is primarily related to a £5.431 million overspend (22%) on costs associated with children's placements, which have increased to circa 920. Placements are both those who have a legal status of looked after and those young people in permanent placements that are financially supported by the council. In addition, there was a £0.124 million overspend on associated legal expenses for child care cases and a shortfall on income from joint funded placements £0.406 million, which is mitigated in part by savings resulting from employees related costs mainly related to staff vacancies (£2.279 million).
- 39 The pressure on the budget in children's social care has been evident over the last few years, as the number of children in the care system has increased significantly and their needs have become more complex. There are now circa 920 looked after children, compared to an average of 795 in 2017/18. This budget was increased by £5.5 million in 2018/19 and a further increase in the base budget of £6.5 million was approved by County Council on 20 February 2019 to cover anticipated care costs, as well as additional costs for staffing in order to meet the expected challenges and pressures identified for 2019/20. The 2020/21 budget includes provision for a further increase in the Children's Social

Care budgets - where growth of £3.417 million is included for placement costs in 2020/21.

- 40 The 2020/21 budgets also include additional budget growth of £3.2 million to recognise the financial pressures being experienced in delivering home to school transport, which has seen costs increase by 54% over the last two years. A review of commissioning arrangements is underway with a view to considering how these pressures can be contained going forward.
- 41 In arriving at the outturn position it is of note that CYPS accessed a net £1.425 million use of CYPS reserves and £3.048 million of corporate reserves as detailed below:
- (a) £0.346 million use of Tackling Troubled Families Reserve linked to temporary posts and one off projects in year;
 - (b) £0.235 million use of SEN Reform Reserve following the ending of grant funding;
 - (c) 0.583 million use of Secure Services Reserve to cover a shortfall in income from the sale of high dependency beds in year;
 - (d) £84,000 use of National Assessment and Accreditation (NAAS) Reserve to fund the implementation of the new NAAS system for strengthening practice in social work;
 - (e) £3,000 use of Youth Justice Development Reserve to fund resources and training materials for communication purposes;
 - (f) £39,000 contribution to Personal Advisor Reserve for personal adviser support for care leavers;
 - (g) £0.165 million use of Emotional Well Being Reserve to cover a shortfall in income in year;
 - (h) £4,000 use of Movement Difficulties Reserve to cover a shortfall in income in year;
 - (i) £1.874 million use of Corporate ER/VR reserve to cover redundancy and early access costs incurred;
 - (j) £1.174 million transfer to the Corporate Insurance reserve;
 - (k) £0.402 million use of ESF 2018-2021 Reserve to cover costs associated with Durham Works and other ESF associated projects in year;

- (l) £0.393 million use of ESF 2015-2018 YEI Reserve to cover costs associated with Durham Works and other ESF associated projects in year;
- (m) £73,000 use of North East Social Work Alliance (NESWA) to pay over monies owed to Gateshead Council as this function has now been transferred to Gateshead Council;
- (n) £81,000 use of Music Service Reserve to cover a shortfall in income in year;
- (o) £3,000 use of School & Governor Support Reserve to cover a shortfall in income for this service in year;.
- (p) £3,000 contribution to Easington Schools Sports Partnership reserve – generated from the surpluses relating to this partnership;
- (q) £19,000 contribution to Swimming Reserve – generated by surplus income from Primary School Swimming;
- (r) £18,000 contribution to the Early Years Activity Reserve generated by surpluses from the Early Years Sustainability budget in year;
- (s) £43,000 contribution to the Adult Learning Reserve generated from surpluses in the Adult Learning Support Service in year;
- (t) £0.314 million contribution to the DSG Schools Block Reserve – generated by surpluses on the Building Schools for the Future PFI Initiatives;
- (u) £0.573 million contribution to the PFI Lifecycle Reserve – generated by surpluses on the Building Schools for the Future PFI Initiatives; and
- (v) £16,000 contribution to the Durham Learning Resources Reserve – generated by a surplus on the Durham Learn.

42 In 2018/19, £1.632 million was transferred from general reserves to the CYPS cash limit reserve to prevent the service having a deficit reserve balance carried forward at 31 March 2019 and to balance the CYPS cash limit reserve to zero. Taking the outturn position into account, there is a £6.217 million negative cash limit position at the 2019/20 year end.

43 The council's financial procedure rules state that where a service groupings cash limit reserve is in deficit, the relevant service is required to make savings/ underspends the following year to bring the reserve back into balance. In this case, given the financial pressures and issues facing CYPS a further transfer from general reserves has been actioned at year end to reduce the CYPS cash limit reserve to zero.

Dedicated Schools Grant and Schools

- 44 The Dedicated Schools Grant (DSG) allocation for 2019/20 was £393.267 million. A sum of £108.325 million was deducted from this figure and paid directly to academies by the Education Skills Funding Agency (ESFA) and likewise a sum of £3.981 million was deducted and paid directly by the ESFA to high needs providers. Additional funding in relation to the Early Years Block for 2018/19 of £0.111 million was received in July 2019 and therefore £281.072 million was the sum paid to the council and includes both the delegated schools budget and the centrally retained DSG budget.
- 45 Maintained schools are responsible for their delegated budgets and carry forward accumulated surpluses and deficits from one year to the next. At the end of 2019/20 the net balances carried forward by maintained schools totalled £15.592 million, a net decrease of £1.523 million in year. The total carried forward after adjusting for other balances was £15.949 million, a reduction of £1.741 million year on year. The difference between the change in the maintained schools balances and the overall change in balances is mainly due to the impact of academy conversions.
- 46 The changes in balances were as follows:

	31 March 2019 £ million	Movement in Year £ million	31 March 2020 £ million
Maintained Schools			
Nursery	0.874	0.063	0.937
Alternative Provision	0.000	0.000	0.000
Primary	18.078	0.078	18.156
Secondary	-4.122	-2.151	-6.273
Special	2.286	0.486	2.772
Total for maintained schools	17.116	-1.524	15.592
Other School Balances	0.581	-0.224	0.357
Total Schools	17.697	-1.748	15.949
Loans to Schools	-0.007	0.007	0.000
Total	17.690	-1.741	15.949

- 47 Other School Balances includes balances in respect of schools that converted to academies during the year. Where this happens the balance is paid over to the academy trust, unless the school becomes a sponsored academy and has a deficit balance. In such cases the deficit balance is charged to the councils schools reserve.
- 48 Maintained school balances held at 31 March 2020 are circa 5% of gross expenditure in 2019/20:

Gross expenditure and balances	Gross expenditure 2019-20 £ million	Balance at 31 March 2020 £ million	Balance as % of gross expenditure
Nursery	5.164	0.937	18%
Alternative provision	6.196	-	-
Primary	202.357	18.157	9%
Secondary	62.873	-6.273	-10%
Special	28.801	2.772	10%
All schools	305.391	15.593	5%

- 49 The quarter 3 forecast of outturn prepared by the schools themselves, excluding schools that have now converted, indicated that school balances would reduce to £15.2 million by 31 March 2020. This was not the case and the outturn was more in line with the expected position calculated by the council's finance team in line with previous years' experience.
- 50 Loans to schools relates to the remaining balances on loans made to schools under the old loan scheme, which ended in 2013. There are now no outstanding loans for this scheme. Schools are now able to obtain loans from a new scheme, financed by the council.
- 51 For maintained schools, the balances carried forward form part of the available resources available to school to fund future year's activity. The retained balances supplement the budget share determined by the current formula, pupil premium and other income.
- 52 All schools have delegated budgets and carry forward under or over spends to the following financial year as either a surplus or deficit. At 31 March 2020, 21 schools had a deficit balance, where their spending had exceeded their accumulated balances in previous years, totalling £8.402 million:

Schools with deficits at 31 March 2020		
	Number	£ million
Nursery	-	-
Alternative provision	-	-
Primary	15	-0.362
Secondary	6	-8.040
Special	-	-
TOTAL	21	-8.402

- 53 At 2019, there were also 21 schools with deficit balances, with a total accumulated deficit of £6.723 million. Of the schools in deficit at 31

March 2020, 16 were also in deficit at 31 March 2019, of which 10 had agreed a budget to correct the deficit brought forward at 31 March 2019 but this was not achieved. Nine schools increased their deficit carried forward at 31 March 2020 whereas 12 school decreased their deficit carried forward at 31 March 2020 when compared to the previous year end.

- 54 Included in the 21 schools with a deficit balance at 31 March 2020 are four with long-standing difficulties and where officers from CYPS and Resources continue to provide additional support and oversight.
- 55 Other schools have either set a budget which will clear the deficit by the end of 2020/21, or will be working with officers during the year to review their budget position and put in place a deficit recovery plan. Any of schools wishing to set a deficit budget for 2020/21 will require permission from the Corporate Director of Resources. A seprate report on school budget setting will be included on a future Cabinet Agenda.

Dedicated Schools Grant Centrally Retained block

- 56 The outturn position for the centrally retained DSG budgets was an overspend of £9.058 million against a total budget of £52.861 million which represents a 17% overspend.

DSG Block	Budget £ million	Outturn £ million	Over / (Under) Spend £ million
Schools	0.595	0.966	0.371
High Needs	18.534	27.132	8.598
Early Years	30.876	30.971	0.095
Central Schools Services	2.856	2.850	-0.006
Total	52.861	61.919	9.058

- 57 The forecast overspend position mainly relates to spending against the high needs block, which was £8.598 million higher than budget in 2019/20.
- 58 It was anticipated that high needs block expenditure would significantly outstrip available grant in 2019/20 and therefore in February 2019 the County Council agreed to meet the then forecast shortfall of £5.600 million in 2019/20 from its general fund budget on a one-off basis. The final outturn position shows that expenditure was £8.598 million in excess of grant funding and the additional overspend of £2.998 million over the council contribution will be added to the DSG deficit balance carried forward at 31 March 2020.

- 59 The expenditure in excess of that originally forecast position has been largely driven by increasing demand in the post-16 sector, in both independent and non-maintained special schools and in further education institutions. The number of students receiving support from the high needs block to access education continues to increase as the reforms increasing the upper age limit from 19 to 25 continue to play out.
- 60 The following table shows the DSG earmarked reserve position as at 1 April 2019 and the position as at 31 March 2020, taking into account the outturn and the use of £5.600 million of Council funding to support the high needs block position.

DSG Reserves	High Needs Block £ million	Early Years Block £ million	Schools Block £ million	Total DSG £ million
Balance at 1 April 2019	-2.728	1.370	1.009	-0.349
Contribution in/ -use 2019/20	-8.598	-0.095	-0.365	-9.058
Transfer from Council Reserves	5.600	0	0	5.600
Balance as at 31 March 2020	-5.726	1.275	0.644	-3.807

- 61 New regulations came into force on 21 February 2020 which require councils to carry forward deficits to be funded from future DSG income, and only allow deficits to be funded from general resources with the specific permission of the Secretary of State for Education.
- 62 In January 2020, Cabinet approved plans to recover the element of the deficit relating to the high needs block over a five-year period. At that stage the high needs block deficit was forecast to be £6.468 million at the end of 2019/20 and, as the table above shows, the final outturn position has resulted in a deficit of £5.726 million being carried forward.
- 63 The five-year financial plan for the high needs will be revised to reflect the updated position and will be presented to Cabinet in July 2020 for approval.

Regeneration and Local Services

- 64 The 2019/20 outturn for Regeneration and Local Services is a cash limit overspend of £1.790 million. This takes into account adjustments for sums outside the cash limit, such as redundancy costs, that are met from corporate reserves, year-end capital accounting entries and use of/ contributions to earmarked reserves.
- 65 The previously forecast position at quarter 3 was a cash limit overspend of £1.996 million to year end.

66 The main reasons for the overspend position are as follows:

- (a) Environmental Services was £1.484 million overspent. This is mainly the result of overspends on the Waste Disposal contracts of £0.785 million due to increased tonnages, and also unachieved MTFP savings within Fleet of £0.204 million and Clean & Green of £73,000. In addition, there was a £66,000 overspend on business rates at Joint Stocks landfill site, a £0.156 million overspend in Refuse due to additional transport costs, and a £91,000 overspend in Bereavement due to lower levels of income than anticipated and an increase in public health burials. There was also a £119,000 overspend at Meadowfield depot due to one-off utility costs.

The Waste Disposal and Collection budget pressures in 2019/20 are recognised in the 2020/21 budget with growth of £0.650 million factored into MTFP(10) for the current year

- (b) Culture Sport and Tourism was overspent by £0.749 million. This is mainly the result of an overspend of £0.197 million at the Gala Theatre linked to reduced income and a £0.499 million overspend relating to the former Leisureworks facilities. In addition, there was £0.186 million of unachieved MTFP savings pending a service restructure in year. These are partially offset by other underspends across the service of approximately £0.133 million. The reduced income levels generated by the Gala Theatre are recognised in MTFP(10), with additional budget growth of £0.400 million provided in 2020/21.
- (c) Technical Services was £0.194 million overspent. Within this service area there was an overspend of £1.370 million attributable to additional policy led expenditure on highways maintenance, mainly in relation to Category 1 and 2 defects and footway maintenance. This was offset by additional surpluses generated within the Highways Services Trading Accounts of £0.384 million, additional Section 38 income of £0.690 million and other savings of £0.102 million across this service in year.
- (d) Business Durham is forecast to be £0.248 million underspent due to income relating to industrial estates and other trading areas exceeding budget.
- (e) Transport and Contracted Services was £0.237 million underspent at the year end. This was mainly due to reduced costs on local bus routes of £0.188 million, and efficiency savings in Care Connect of £0.146 million, offset by increased traffic management costs of £0.122 million.

- (f) Development and Housing was £0.480 million overspent, mainly due to the Durham Employment & Skills (DES) contract which was withdrawn during the year.
- (g) Community Protection underspent by £97,000. This was mainly due to a number of vacant posts which are proving difficult to recruit to, resulting in an underspend of £121,000 offset by £24,000 under achieved licensing income.
- (h) Corporate Property and Land underspent by £0.358 million, mainly due to an extra £0.713 million of trading income surplus. This underspend was however partially offset by a £0.176 million overspend on professional services to support the service, pending a future restructure, and a £0.162 million overspend on Centralised Repairs and Maintenance in the year.

67 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit:

- (a) £1.328 million - relating to a net contribution to earmarked reserves and cash limit reserves to support specific projects in 2020/21. This includes:
 - (i) £0.112 million contribution to reserves in respect of Housing and Homelessness projects;
 - (ii) £0.444 million contribution to reserves in respect of North Pennines AONB funding received in year which will be expended in future years;
 - (iii) £0.175 million use of earmarked reserves in respect of Events and externally funded Culture and Sport projects;
 - (iv) £0.120 million use of earmarked reserves for Transport related schemes.
 - (v) £0.398 million contribution to reserves in respect of Property related projects.
- (b) In addition, the movement on Reserves includes a use of £0.612 million from the Winter Maintenance Reserve that was established at the end of 2013/14. This has been drawn down to offset the in-year overspend on Winter Maintenance. The Winter Maintenance Reserve now stands at £0.658 million and is available to be drawn down when severe winter or weather events occur in the current or

future years and where the annual budget is insufficient to meet the associated unavoidable costs.

- (c) a £1.275 million net contribution to reserves in relation to ER/VR costs, and Insurance costs.
- (d) £5.079 million relating to a range of items outside the control of the service were also excluded from the outturn, with the major component relating to capital charges.

68 Taking the outturn position into account, the cash limit reserve to be carried forward for Regeneration and Local Services is £0.326 million. The balance held at 31 March 2020 will be reallocated to the new service groupings in 2020/21.

Resources

69 The 2019/20 outturn for Resources was a cash limit underspend of £1.311 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of/ contributions to earmarked reserves.

70 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £0.738 million.

71 The underspend reflects the proactive management of activity by Heads of Service across Resources throughout the year to remain within the cash limit and to prepare for 2020/21 MTFP savings requirements. The outturn position is accounted for as follows:

- (a) Corporate Finance and Commercial Services was underspent by £0.158 million, of which £0.123 million relates to a managed underspend position on employee costs and £26,000 on supplies and services costs. There were also a number of other minor variances in this service area.
- (b) Finance and Transactional Services was underspent by £0.481 million, consisting of a managed underspend position on employee costs of £0.129 million, offset by a managed overspend on supplies and services expenditure £47,000. The other major area of underspending relates to income, which was £0.465 million higher than budgeted, offset in part by other minor variances across this service.
- (c) Digital and Customer Services was underspent by £57,000, consisting of a managed underspend on employee costs of £0.190 million in Customer Services and £0.146 million in ICT Services.

There was a net overspend of £0.622 million on supplies and services costs, consisting of a £54,000 underspend in Customer Services and a £0.676 million overspend in ICT Services. Income was £0.764 million higher than budgeted, with £0.168 million overachieved in Customer Services and £0.750 million overachieved in ICT Services. These underspends were however offset by funding of ICT capital schemes from revenue contributions in 2019/20 totalling £0.432 million. There were also a number of other minor variances in this service area.

- (d) Internal Audit, Risk and Corporate Fraud was underspent by £25,000, mainly comprising a managed overspend of £44,000 on employee costs in year, which was more than offset by additional income generated of £72,000. There were also a number of other minor variances in this service area.
- (e) Legal and Democratic Services was underspent by £0.242 million, mainly from the overachievement of several income budgets amounting to £0.214 million. There were also a number of other minor variances in this service area.
- (f) People and Talent Management was £0.147 million underspent due to a managed overspend position on employee related costs £60,000, offset by additional income generated of £0.149 million and an underspend on supplies and services costs of £55,000. There were also a number of other minor variances in this service area.
- (g) Service Management was £0.201 million underspent, due to a managed underspend position on employee related costs £0.234 million and overachieved income of £12,000, offset by an overspend of £45,000 on central costs.

72 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash limit outturn position:

- (a) £0.918 million relates to a range of adjustments associated with year end accounting entries for capital charges, centralised repairs and maintenance and central administration recharges;
- (b) £0.541 million relates to a transfer from the Corporate MTFP ER/VR Reserve to fund the cost of early retirements/ voluntary redundancies in year;
- (c) £67,895 relates to a transfer to the ICT Reserve to finance ICT developments and additional costs of software licences;

- (d) £24,607 relates to a transfer to the Microsoft Office 365 Reserve from in-year underspends to support the deployment, development and support of the Microsoft Office 365 software across the County Council;
- (e) £43,623 relates to a transfer to the Welfare Reforms New Burdens Grant Reserve in respect of the unused balance of the allocation to Customer Services;
- (f) £37,468 relates to a transfer to the Insurance Reserve from in-year underspends on central insurance provision;
- (g) £0.104 million relates to a transfer to the Corporate Procurement Reserve from additional income received from the NEPO procurement rebate which will be used to help finance future procurement initiatives;
- (h) £0.401 million relates to a transfer to the DWP Housing Benefit Subsidy Reserve to finance the potential cost of Housing Benefit backdated claims which are not fully funded by Government Subsidy as a result of the external audit;
- (i) £0.150 million relates to the establishment of a Deputy and Appointeeship Team Reserve, which has been created to fund the work of the team in future years, where a review is underway of the council's approach to these cases;
- (j) £80,000 relates to a contribution to the Internal Audit and Corporate Fraud Reserve which will be used to help finance development opportunities within the service;
- (k) £7,387 relates to a contribution to the Resources Cash Limit Reserve to help fund the purchase of new office furniture and equipment for the Coroners Service;
- (l) £0.170 million relates to a contribution to the Human Resources Reserve to help finance future corporate training costs.

73 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for Resources is £2.759 million.

Transformation and Partnerships (T&P)

74 The 2019/20 outturn for the former Transformation and Partnerships (T&P) Service was a cash limit underspend of £88,000. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year end

capital accounting entries and use of / contributions to earmarked reserves.

- 75 The cash limit position compares to the previously forecast position at quarter 3 of a cash limit underspend of £38,000.
- 76 The outturn underspend was a managed position, reflecting the proactive management of activity by Heads of Service across the former T&P throughout the year to remain within the cash limit. The outturn position is accounted for as follows:
- (a) Partnerships and Community Engagement was £47,000 underspent, primarily due to a managed underspend on supplies and services costs of £36,000, employee costs of £7,000 and transport costs of £7,000, offset by a number of other minor variances.
 - (b) Strategy was £73,000 underspent, primarily due to a managed underspend on employee related costs of £45,000, supplies and services costs of £17,000 and over achieved income of £8,000.
 - (c) Communications and Information Management was £50,000 underspent, due to a managed underspend on employee related costs of £49,000 and on supplies and services costs of £38,000, offset by under achieved income of £37,000.
 - (d) Transformation was £60,000 underspent, which included a managed overspend on employee related costs of £68,000, more than offset by an underspend on supplies and services costs of £80,000 and over achieved income of £48,000.
 - (e) Central Charges was over budget by £0.142 million, due to a managed overspend on employee costs amounting to £0.147 million. The Civil Contingencies Unit underspent by £5,000, consisting of a managed underspend on supplies and services costs of £7,000, offset by a number of other minor variances.
- 77 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash limit outturn position:
- (a) £14.510 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges;
 - (b) £0.600 million – relates to net contributions from earmarked reserves to support specific projects in 2019/20 and beyond,

details of the main contributions to and from reserves are as follows:

- (i) £1.925 million from the MTFP ER/VR Reserve to fund the cost of early retirement/voluntary redundancies;
- (ii) £1.051 million transfer to the Syrian Resettlement Programme Reserve for funding received in relation to the resettlement of vulnerable Syrian persons from the Middle East and North Africa that will be expended in future years;
- (iii) £0.180 million from the Transformation Challenge Grant Reserve to fund activity working with community groups and other local organisations to transform the way in which local services are provided;
- (iv) £0.254 million to the AAP Reserve reflecting underspends at the year end that will be carried forward to support projects within the local community in 2020/21;
- (v) £0.159 million from the Social Isolation Reserve to support expenditure incurred in the improvement of social connectivity, emotional resilience and wellbeing of isolated older people;
- (vi) £0.142 million contribution to the Members Neighbourhoods Reserve reflecting underspends at the year end that will be carried forward to support projects within the local community in 2020/21;
- (vii) £0.105 million contribution to the EU Exit Reserve for funding received in 2019/20 where expenditure will be incurred in 2020/21;
- (viii) £77,002 to the Inspire Programme Reserve reflecting an adjustment for underspending to be carried over and earmarked for supporting the Transformation Programme in 2020/21.

78 Taking the projected outturn position into account, including items proposed to be treated as outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for T&P is £0.317 million.

Resources - Centrally Allocated Costs (Corporate Costs)

- 79 The 2019/20 outturn for Resources – Centrally Administered Costs is a cash limit underspend of £0.415 million. This takes into account adjustments for sums outside the cash limit such as the use of/ contribution to earmarked reserves.
- 80 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £0.305 million.
- 81 The outturn position is mainly due to reduced expenditure on bank charges (£60,000), payment card fees (£91,000), legal expenses (£50,000), audit fees (£56,000), corporate subscriptions (£82,000) and expenses associated with raising loans (£28,000). In addition, there was an overachievement of income from de-minimis capital receipts (£50,000) arising from the sale of assets in year. There are also a few other minor variances in this service area. MTFP savings totalling £0.142 million have been applied to the Corporate Costs budget in 2020/21.
- 82 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash outturn position:
- (a) £25,920 – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges;
 - (b) £0.251 million – relates to contributions from earmarked reserves including £0.116 million from the Insurance Reserve and £26,000 from the Welfare Reform New Burdens Grant Reserve.

Central Budgets

Interest and Investment Income

- 83 There was an overachievement of income of £1.881 million due to higher than forecast returns on loan investments and commercial activities

Interest Payable and Similar Charges

- 84 There was a small overspend of £0.916 million (2.46%) on this budget head which is due to the creation of a credit loss provision at the year end in relation to a loan with Newcastle Airport. The airport has been impacted by Covid 19 with the outstanding loan being reprofiled with no interest payments to be made for a two year period.

2019/20 Capital Outturn

General Fund Capital Programme

- 85 The original capital budget for 2019/20, taking into account the budgets approved by Council on 20 February 2019 and adjustments for re-profiling of underspends at 2018/19 year end was £143.472 million. This was agreed by Cabinet on 10 July 2019.
- 86 Throughout the year, the Capital Member Officer Working Group (MOWG) has continually reviewed progress in delivering the capital programme to take into account changes in planning and delivery timescales and analysis of changes in demands on resources. Regular updates to the capital programme were reported to and approved by Cabinet as part of the quarterly budgetary control reports in year. Requests for re-profiling capital programme underspends at 31 March 2020 have also been considered by MOWG.
- 87 The following table summarises the revised capital budgets, taking into account revisions considered by MOWG and agreed by Cabinet throughout the year, together with the outturn position for each service area. The table also details the action that has been taken with regard to re-profiling and budget additions/deletions at year end.

General Fund Capital Outturn 2019/20

Service Grouping	Original Budget 2019-20	Revised Budget 2019-20	Service Grouping Outturn	Variance	-Additions / Deletions from Budget	Reprofiling
	£m	£m	£m	£m	£m	£m
Adult and Health Services	-	-	-	-	-	-
Children and Young People's Services	25.874	20.268	19.542	-0.727	-1.128	1.889
Regeneration and Local Services	103.761	91.537	85.467	-6.071	-2.372	8.671
Resources	10.787	3.593	3.102	-0.491	-0.031	0.522
Transformation and Partnerships	3.050	2.175	2.018	-0.157	-	0.105
TOTAL	143.472	117.574	110.128	-7.446	-3.532	10.978

- 88 The variances in the table above include requests to carry forward budgets to fund the completion of capital schemes from 2020/21 onwards. Also included are 2019/20 overspends on some projects as a result of an acceleration in project delivery timescales and for these projects future years' budgets have been reduced. All of the resultant re-profiling is reflected in the capital budgets for 2020/2021 to 2023/24.

- 89 The capital programme is financed via various funding sources including grants, capital receipts, revenue contributions, contributions from reserves and borrowing. The financing of the 2019/20 outturn is detailed in the following table:

Financing – General Fund Capital Programme 2019/20

Financed by	2019/20 Outturn £m
Grants and Contributions	49.032
Revenue and Reserves	23.745
Capital Receipts	10.471
Borrowing	26.880
TOTAL	110.128

Service Grouping Commentary

- 90 The primary reasons for the net capital underspend of £7.446 million (circa 6% under budget at year end) are set out below:

Children and Young People’s Services (CYPS)

- 91 The underspend of £0.727 million for CYPS is mainly due to:

- (a) **Childrens’ Services - Planning and Services Strategy** – underspend of £0.336 million. This relates to a re-profiling of the resource plan to meet the needs of the project to review the Social Services Information Database (SSID) system in CYPS and AHS.
- (b) **Devolved Formula Capital** – underspend of £0.719 million. This is due to unpredicted changes in individual school spending decisions after December when final budget updates were made. The 2019/20 underspend will be carried forward into 2020/21.
- (c) **School Related** – overspend of £0.463 million. Although some schemes were underspent in 2019/20, there was an overspend of £0.329 million on condition works at Greenfield School, with budget being reprofiled from 2020/21 into 2019/20. There was also an overspend of £0.160 million on roofing works at East Stanley Primary due to works being completed earlier than expected. This was met by budget being reprofiled from 2020/21 to 2019/20.

Regeneration and Local Services (REAL)

- 92 The underspend of £6.071 million is primarily due to a combination of under and over spending within the service area as follows:

- (a) **Economic Development & Housing** – underspend of £5.291 million. The most significant underspend in this area was £3.040 million on Chapter Homes. Due to Covid 19, a deferral in a planned land acquisition and commencement of construction activity on a new site meant that funds were not required to be drawn down to support development activity. There was also an underspend of £1.383 million on the new Headquarters scheme due to monthly claims from Kier being less than the profile that they had supplied in December 2019 when final budget updates were made.
- (b) **Business Durham** – overspend of £0.899 million. This was mainly due to additional expenditure of £1.746 million on the Factory Build scheme at Jade Business Park, as expenditure in March was ahead of forecast. Budget was transferred from 2020/21 to cover this. There was an underspend of £1.009 million on the Finance Durham Investment Fund as less businesses came forward with investable projects due to Brexit uncertainty.
- (c) **Environmental Services** – underspend of £0.436 million. The most significant underspend in this area was £0.217 million on the Joint Stocks Power Generation – Replacement Engine scheme due to changes in the payment schedule with the contractor.
- (d) **Technical Services** – underspend of £1.180 million. The most significant underspend was £0.543 million on Street Lighting, with schemes being reprofiled into 2020/21. There were also underspends of £0.182 million on Chester-le-Street Deculverting project due to flood events in December 2019 and January 2020 which delayed construction on site, and £0.124 million on Chester-le-Street Riverside Bank Encroachment as a result of the scheme being stopped due to Covid 19.
- (e) **Transport and Contracted Services** – underspend of £0.137 million. There were various offsetting underspends and overspends across the service, with the most significant being an underspend of £2.177 million on Horden (Peterlee) Railway Station. This was due to a delay in the contractor's costs being processed by Network Rail and recharged to the council. The most significant overspend was £1.158 million on the A1(M) Junction 61 Capacity Enhancements, due to accelerated spend on the project.

Resources

93 The underspend of £0.491 million mainly falls in the ICT area:

- (a) **ICT, including Design and Print** - underspend of £0.486 million. On the Digital Durham project there was a £0.140 million underspend and there was also an underspend of £0.138 million on the PC / laptop replacement programme due to difficulties in quarter 4 with supplies of equipment, particularly from China, due to Covid 19.

Transformation and Partnerships (T&P)

94 The underspend of £0.157 million is mainly due to:

- (a) **Members Budgets** - overspend of £0.192 million. Elected Members are encouraged to invest their annual allocation within each financial year. Current guidance states that uncommitted funds may be carried forward but not beyond an elected Member's term of office. A significant amount of the 2019/20 budget had previously been reprofiled into 2020/21, in line with expected spend, so the overspend in 2019/20 was met from this amount.
- (b) **Community Buildings** - underspend of £0.229 million. The uncommitted budget for the community asset transfer programme will be carried forward to be available to commit to schemes in 2020/21.
- (c) **Consett Community Facilities** - underspend of £0.114 million. This is a local grant fund that has permission to roll forward and it relies on local Councillors and AAPs to work up schemes.

Council Tax and Business Rates Collection Funds

Council Tax

- 95 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of Her Majesty's Revenues and Customs (HMRC). Exemptions, reliefs and discounts are awarded dependent upon the state of the property, its use and occupiers' personal circumstances.
- 96 The collection rate at 31 March 2020 was below the annual target of 96.90%, and 0.28% points below the same position in 2018/19, reflecting the impact of Universal Credit, which produces frequent changes in entitlement to Local Council Tax Reduction and therefore multiple in-year billing and constant reprofiling of instalments, which delays the recovery processes in-year.
- 97 The in-year collection rates at 31 March for the current and last two financial years, are shown below:

Billing Year	Position at 31 March
2019/20	96.37%
2018/19	96.65%
2017/18	96.83%

- 98 The current overall collection rate for 2018/19 council tax liabilities is now 98.01% (compared to 96.65% at 31 March 2019), and for 2017/18 the rate is now 98.72% (compared to 96.83% at 31 March 2018). The council continues to recover council tax from earlier years, and currently the collection rate for all years excluding the current year is 99.69%, which is line with our medium term financial plan forecasts.
- 99 The income shown in the council tax collection fund is the amount collectable from council tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount estimated to be collectable is estimated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts and reliefs) with an allowance for non-collection.
- 100 Due to changes in the number of properties (including new build and demolitions), eligibility of discounts and reliefs during the year, the actual amount collectable increases or decreases from the estimate on a dynamic day to day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the estimate.
- 101 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.
- 102 At 31 March 2020 the final outturn for the council tax collection fund is a surplus of £0.220 million as shown in the following table, which takes into account the undeclared deficit as at 31 March 2019 of £0.124 million. Durham County Council's share of this forecasted surplus is £0.184 million.

	£ million
Net Bills issued during Accounting Year 2019/20	338.688
LCTRS and previous years CTB adjustments	-56.633
Calculated change in provision for bad debts required and write offs	-3.144
Net income receivable (a)	278.911
Precepts and Demands	
Durham County Council	222.276
Parish and Town Councils	13.148
Durham Police Crime and Victim's Commissioner	28.680
County Durham and Darlington Fire and Rescue Authority	14.463
Total Precepts and Demands (b)	278.567
Net Surplus / (-) Deficit for year (a) – (b)	0.344
Undeclared Deficit Brought Forward from 2018/19	-0.124
Year end surplus	0.220

- 103 Prior to each year, the estimated surplus/ deficit on the collection fund council tax account is notified to the two major preceptors for inclusion in the budget setting process for the following year as an additional income or expenditure item.
- 104 The council is required to determine and declare the forecast surplus or deficit on the council tax collection fund for 2019/20 by 15 January 2020. This will then need to be taken into account in the budget setting process for 2020/21. Any difference between this and the actual surplus at 31 March 2020 will be carried forward to next financial year and taken into account in estimating the surplus/ deficit position for 2020/21, which will need to be taken into account for 2021/22 budget setting.
- 105 Over the last five years, the council tax provision for bad debts has been increasing steadily. This managed approach has been necessary to minimise the risk of the council tax collection fund moving into deficit whilst securing the robustness of the levels of provision held. The position has now been reached where maintaining the provision at a prudent level does not prevent the declaration of a surplus.

Business Rates

- 106 2013/14 was the first year of the new business rates retention scheme whereby the council has a vested budget interest and stake in the level of business rate yield, as income generated from business rates is now shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.
- 107 In 2017/18, following consultation, the Government implemented the first revaluation of business rates since April 2010.
- 108 The revaluation of the rateable values of all business properties was undertaken by the Valuation Office Agency and, along with national changes to multipliers, relief thresholds and transitional arrangements, came into effect from April 2017. The overall effect of the revaluation on the collection fund saw a decrease of an estimated £9.3 million in rates yield/ liability when compared to 2016/17. The revaluation should be cost neutral to Durham County Council and County Durham and Darlington Fire and Rescue Authority, therefore compensation arrangements are made through adjustments to Section 31 grants and top up grants for their shares of losses of income.
- 109 Bills raised, exemptions and reliefs awarded are examined, together with local knowledge of anticipated changes in reliefs such as mandatory charitable relief and discretionary rate relief, on a monthly basis to enable a comparison with the January 2019 estimate of 2019/20 business rates income that was used for budget setting purposes.
- 110 At 31 March 2020, the actual outturn for the collection fund business rates is a surplus of £9.949 million, after taking into account the undeclared surplus position as at 31 March 2019 of £1.289 million, as calculated in the following table.

	£ million
Net rate yield for 2018/19 including previous year adjustments	119.054
Estimate of changes due to appeals lodged and future appeals	2.326
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.235
Net income receivable (a)	120.145
Agreed allocated shares	
Central Government (50%)	55.375
Durham County Council (49%)	54.267
County Durham and Darlington Fire and Rescue Authority (1%)	1.107
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.736
Total fixed payments (b)	111.485
Net surplus for year (a) – (b)	8.660
Undeclared Surplus brought forward from 2018/19	1.289
Year end Surplus	9.949

- 111 The in-year surplus of £8.660 million and the total undeclared deficit brought forward from 2018/19, leaves a surplus of £9.949 million at 31 March 2020. The surplus/ deficit at 31 March in any year are shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue, Durham County Council's share being 49%. Durham County Council's share of the year end surplus will therefore be £4.875 million.
- 112 During 2019/20, the outturn position has been significantly influenced by the outcome of a review of the provision for appeals, which includes an amount for a potential liability to refund business rates to NHS bodies. The provision for this case covered 60% of the expected liability on the basis of the perceived risk of a successful appeal as reported in quarter two, but the provision was removed in quarter three after the NHS bodies lost the case at the High Court. However, as an appeal has subsequently been submitted by the NHS, which is expected to be heard in due course, a provision of 30% of the total liability has been included in the Collection Fund at 31 March 2020.

- 113 The payment profile on collection performance is changing due to changes in statutory discounts and exemptions and more businesses opting to spread their payments over 12 months rather than ten. The major business rates payers have all opted to take up this opportunity to re-profile their cash flow. The in-year collection rates at 31 March, for the current and last two financial years, are shown in the following table:

Billing year	Position at 31 March
2019/20	97.91%
2018/19	97.90%
2017/18	98.42%

- 114 In year performance to 31 March 2020 shows a collection rate of 97.91%, which was below the annual target by 0.29% points and 0.01% above the in-year recovery rate in 2018/19.
- 115 The current overall collection rate for 2018/19 business rate liabilities is now 98.63% (compared to 97.90% at 31 March 2019) and for 2017/18 business rate liabilities is now 99.66% (compared to 98.42% at 31 March 2018). The council continues to recover business rates from earlier years and currently, the collection rate for all years excluding the current year is 99.44%, which is line with our medium term financial plan forecasts.

Section 31 Grant - Small Business Rate Relief

- 116 Small business ratepayers with properties with rateable values under £15,000 benefit from relief on their rates payable. The Government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.
- 117 Small business ratepayers with properties with rateable values up to £12,000 are now being granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%.
- 118 The Government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares. At 31 March 2020, the gross small business relief awarded against 2019/20 business rates bills and adjustments to 2018/19, 2017/18, 2016/17, 2015/16, 2014/15 and 2013/14 bills is £16.424 million, and the council will receive £5.359

million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

- 119 In the Autumn Statement 2016, Spring Budget 2017 and Autumn Statement 2018 additional business rate relief schemes were announced on which Section 31 grants would be payable. These relief schemes include rural rate relief and local newspaper reliefs, supporting small business, local discretionary relief scheme, pub relief and retail relief schemes. Funding for these schemes is provided through Section 31 grants.
- 120 When assessing estimated outturn income from business rates, due regard must also be given on the effect that changes in estimated reliefs will have on the Section 31 grants. At 31 March 2020, the increase in Durham County Council's Section 31 grants (including small business rate relief) was £0.860 million.

Other Useful Documents

- Cabinet – 11 September 2019 – Forecast of Revenue and Capital Outturn 2019/20 – Period to 30 June 2019.
- Cabinet – 13 November 2019 - Forecast of Revenue and Capital Outturn 2019/20 – Period to 30 September 2019.
- Cabinet – 13 November 2019 - Council Tax Base 2020/21 and Forecast Surplus on the Council Tax Collection Fund as 31 March 2020.
- Cabinet – 18 March 2020 - Forecast of Revenue and Capital Outturn 2019/20 – Period to 31 December 2019.

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Appendix 1: Implications

Legal Implications

This report shows the actual outturn compared to original and revised budgets as agreed by Council in relation to the 2019/20 financial year and is a key component of the council's Corporate and Financial Governance arrangements. The information contained within this report has been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the financial outturn for the council for 2019/20 for revenue and capital. The report covers general fund for revenue and capital and the outturn position for general and earmarked reserves at 31 March 2020, plus the Collection Fund outturn, covering council tax and business rates.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The figures contained within this report have been extracted from the general ledger and scrutinised and supplemented with information supplied by the Service Management Teams and budget holders. The outturn has been produced taking into consideration all spend in year and year end accounting practices. This should mitigate any risks regarding challenge over the accuracy and validity of the financial outturn position of the council as reported.

Procurement

None.

Appendix 2: General Fund Revenue Summary 2019/20

	Original Budget 2019/20	Revised Budget	Service Groupings Final Outturn	Variance	Cash Limit Adjustments			Variance
					Sums Outside the cash limit	Cash Limit Reserve	Contribution to/ -Use of Earmarked Reserves	
					£000	£000	£000	
Adult and Health Services	123,776	119,283	121,792	2,509	-4,273	0	244	-1,520
Children and Young People's Services	123,639	127,208	135,577	8,369	-3,827	0	1,675	6,217
Regeneration and Local Services	137,586	135,483	130,903	-4,580	5,041	19	1,311	1,790
Resources	21,268	21,401	20,463	-938	-918	8	537	-1,311
Transformation and Partnerships	10,784	25,244	11,246	-13,998	14,510	0	-600	-88
Cash Limit Position	417,053	428,619	419,981	-8,638	10,533	27	3,167	5,088
Contingencies	5,161	2,345	0	-2,345	0	0	0	-2,345
Corporate Costs	3,728	3,830	3,583	-247	-26	0	-142	-415
NET COST OF SERVICES	425,942	434,794	423,564	-11,230	10,507	27	3,025	2,328
Capital charges	-64,132	-64,132	-85,424	-21,292	-12,333			-33,625
Gains/ losses on disposal of fixed assets	0	0	33,625	33,625				33,625
Interest and Investment income	-2,400	-2,400	-4,281	-1,881				-1,881
Interest payable and similar charges	35,579	37,234	47,950	10,716	-73	-150	-9,577	916
HR Accrual	0	0	-1,819	-1,819	1,819			0
Levies	16,061	16,080	16,080	0				0
Net Expenditure	411,050	421,576	429,695	8,119	-80	-123	-6,552	1,363
Funded By:								
Council tax	-222,275	-222,275	-222,267	8				8
Use of earmarked reserves	-11,010	-19,381	-8,412	10,969	0	0	0	10,969
Estimated net surplus on Collection Fund	-2,168	-2,168	-2,168	0				0
Business Rates	-54,401	-54,401	-54,473	-72				-72
Top up grant	-71,613	-71,613	-71,613	0				0
Levy Account Surplus Grant	0	0	-427	-427				-427
Revenue Support Grant	-27,620	-27,620	-27,620	0				0
Covid-19 LA Support Grant	0	0	-17,521	-17,521			17,521	0
New Homes Bonus	-6,709	-6,709	-6,709	0				0
Section 31 Grant	-10,423	-10,423	-11,348	-925				-925
Adult/Childrens Pressures Grant	-4,822	-4,822	-4,822	0				0
Forecast contribution to/from (-) Cash Limit Reserve	-9	-2,164	-1,159	1,005	0	6,217	0	7,222
Forecast contribution to/from (-) General Reserves	0	0	-1,156	-1,156	0	0	0	-1,156
TOTAL	0	0	0	0	-80	6,094	10,969	16,982

Appendix 3: General Fund Revenue Summary by Expenditure/ Income for 2019/20

	Original Budget 2019/20	Revised Budget	Corporate Costs Outturn	Final Outturn (including Corporate Costs)	Variance (including Corporate Costs)	Cash Limit Adjustments			Cash Limit Position	Cash Limit carry forward (including corporate costs)	Variance - Corporate Costs
						Sums Outside the cash limit	Cash Limit Reserve	Contribution to / - Use of Earmarked Reserves			
						£000	£000	£000			
Employees	530,841	535,404	471	537,082	1,678	-2,327	0	-3,602	-4,251	4,251	-2
Premises	52,991	51,135	0	50,307	-828	2,324	0	151	1,648	-1,648	0
Transport	42,276	42,734	0	46,747	4,013	28	0	-91	3,949	-3,949	0
Supplies & Services	120,203	122,963	1,050	128,827	5,864	-220	8	3,040	8,693	-8,693	-359
Agency & Contracted	386,622	392,643	2,168	408,073	15,430	153	19	-1,560	14,042	-14,042	3
Transfer Payments	218,762	175,133	0	177,762	2,629	0	0	-2,709	-80	80	0
Central Costs	92,722	78,594	115	117,268	38,674	-25,713	0	3,536	16,497	-16,497	0
DRF	710	919	0	3,772	2,853	-1,977	0	0	876	-876	0
Other	0	0	0	222	222	0	0	0	222	-222	0
Capital Charges	64,132	64,132	0	51,800	-12,332	12,332	0	0	0	0	0
GROSS EXPENDITURE	1,509,259	1,463,657	3,804	1,521,860	58,203	-15,400	27	-1,234	41,595	-41,595	-358
Income											
Government Grants	645,059	575,332	14	600,323	24,991	0	0	-3,486	21,505	-21,505	0
Other Grants and Contributions	75,516	79,259	16	86,534	7,275	-639	0	-724	5,912	-5,912	-16
Sales	9,945	8,230	202	7,303	-927	0	0	-105	-1,032	1,032	-52
Fees and Charges	106,228	104,979	-11	108,197	3,218	79	0	333	3,630	-3,630	11
Rents	8,637	8,767	0	11,489	2,722	-1,977	0	0	745	-745	0
Recharges To Other Services	236,221	246,867	0	272,888	26,021	-23,369	0	-267	2,385	-2,385	0
Other	6,872	7,774	0	11,562	3,788	-1	0	-10	3,777	-3,777	0
Total Income	1,088,478	1,031,208	221	1,098,296	67,088	-25,907	0	-4,259	36,922	-36,922	-57
NET EXPENDITURE	420,781	432,449	3,583	423,564	-8,885	10,507	27	3,025	4,673	-4,673	-415

Appendix 4: General Fund Earmarked Reserves as at 31 March 2020

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	2019/20 CLOSING BALANCE AS AT 31 MAR 2020
		£'000	£'000	£'000	£'000	£'000	£'000
Social Care Reserve	AHS	-25,406		-491	226	-265	-25,671
Public Health Reserve	AHS	-4,460	489	-1,275		-786	-5,246
Children's Services Reserve	CYPS	-3,155	1,419	-39	-10	1,370	-1,785
Education Reserve	CYPS	-12,908	952	-673		279	-12,629
Community Protection Reserve	REAL	-582	139	-18	-114	7	-575
Direct Services Reserve	REAL	-2,076	362	-306	-554	-498	-2,574
Culture and Sport Reserve	REAL	-3,633	1,445	-98		1,347	-2,286
Technical Services Reserve	REAL	-1,713	911			911	-802
Business Growth Fund Reserve	REAL	-604				0	-604
Economic Development Reserve	REAL	-3,116	556	-50	487	993	-2,123
Town and Villages Regeneration Reserve	REAL	-10,000	233		-10,000	-9,767	-19,767
Planning Reserve	REAL	-1,580	13		440	453	-1,127
North Pennines AONB Partnership Reserve	REAL	-1,467		-444		-444	-1,911
Employability and Training Reserve	REAL	-57		-219		-219	-276
REAL Match Fund Programme Reserve	REAL	-1,587	373			373	-1,214
Housing Regeneration Reserve	REAL	-638	165			165	-473
Housing Solutions Reserve	REAL	-2,026	88	-167	-94	-173	-2,199
Transport Reserve	REAL	-491	286	-16	-525	-255	-746
Funding and Programmes Management Reserve	REAL	-478		-28		-28	-506
Customer Services Reserve	Resources	-334	19			19	-315
Resources Corporate Reserve	Resources	-426		-104		-104	-530
Resources DWP Grant Reserve	Resources	-1,388	543		272	815	-573
Resources System Development Reserve	Resources	-368	14			14	-354
Resources Housing Benefit Subsidy Reserve	Resources	-1,141		-401		-401	-1,542
Resources Revenue and Benefits Reserve	Resources	-758	134	-150	-80	-96	-854
Resources Legal Reserves	Resources	-379	38		-110	-72	-451
Resources Elections Reserve	Resources	-765		-95		-95	-860
Resources ICT Reserves	Resources	-1,477	254	-19		235	-1,242
Resources Internal Audit & Corporate Fraud Reserve	Resources	0		-80		-80	-80
Resources Registrars Trading Reserve	Resources	-200				0	-200
Resources Human Resources Reserves	Resources	-300		-23		-23	-323
Resources Operations and Data Reserve	Resources	-50	12			12	-38
T&P AAP/Members Reserve	T&P	-1,481	74	-486	-140	-552	-2,033
T&P Grant Reserve	T&P	-1,088	167		-8	159	-929
T&P Operational Reserve	T&P	-2,404	647	-1,246	-55	-654	-3,058
T&P Transformation Reserve	T&P	-1,690	413			413	-1,277
Equal Pay Reserve	Corporate	-14,993	14		5,000	5,014	-9,979
Insurance Reserve	Corporate	-9,988		-2,682	2,600	-82	-10,070
ER/VR Reserve	Corporate	-8,647	5,301			5,301	-3,346
Budget Support Reserve	Corporate	-29,660	5,488		5,000	10,488	-19,172
Office Accommodation Capital Reserve	Corporate	-32,944	8,589		-384	8,205	-24,739
Inspire Programme Reserve	Corporate	-886	281		275	556	-330
Commercialisation Support Reserve	Corporate	-5,800	24		-2,600	-2,576	-8,376
Capital Reserve	Corporate	-2,510	1,810			1,810	-700
Feasibility Study Reserve	Corporate	-500				0	-500
Business Support Reserve	Corporate	0		-1,064	32	-1,032	-1,032
Covid-19 Support Grant Reserve	Corporate	0		-17,521		-17,521	-17,521
Total Earmarked Reserves		-196,154	31,253	-27,695	-342	3,216	-192,938
Cash Limit Reserves							
Adult and Health Services		-7,919	654	-1,519	430	-435	-8,354
Children and Young People's Services		0	-6,217	6,217		0	0
Regeneration and Local Services		-3,152	1,121	1,790	-88	2,823	-329
Resources		-1,572	125	-1,311		-1,186	-2,758
Transformation and Partnerships		-272	43	-89		-46	-318
Total Cash Limit Reserves		-12,915	-4,274	5,088	342	1,156	-11,759
Total Council Reserves		-209,069	26,979	-22,607	0	4,372	-204,697
Schools' Balances							
Schools' Revenue Balance	CYPS	-17,690	1,741			1,741	-15,949
DSG Reserve	CYPS	349	3,458			3,458	3,807
Total Schools and DSG Reserve		-17,341	5,199	0	0	5,199	-12,142

Cabinet

8 July 2020

The Impact of Covid-19 on Local Bus Services in County Durham.



Ordinary Decision

Report of Corporate Management Team

Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor Carl Marshall, Cabinet Portfolio Holder for Economic Regeneration

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To inform Cabinet of the impact of the current coronavirus pandemic on local bus operators and the involvement of the County Council in maintaining an essential network across County Durham.

Executive summary

- 2 The local bus network is a key part of our transport system, providing access to employment, healthcare, education, training, leisure and shopping destinations. However, the onset of coronavirus has led to wide ranging changes across the whole of society and public transport provision has been significantly impacted by these changes.
- 3 The bus network has remained vital to the economic and social well-being of our region during the pandemic, especially in relation to getting key workers to their places of employment and facilitating essential shopping trips.
- 4 The reduction in patronage during lockdown has required urgent action in the form of financial support to maintain an essential traveller network. This financial support is also important so that local bus service providers can continue to play a central role in our communities after this pandemic is over.

- 5 Financial support has been provided by both central and local government with the County Council maintaining payments for the English National Concessionary Travel Scheme (ENCTS) and tendered services at pre-Covid-19 levels in line with Government guidance. In return for this support, the Council has set out a number of requirements that it expects of operators.
- 6 Officers have worked closely with the sector to ensure that the bus network is co-ordinated and has responded in line with the demands of the region. This collaborative working and strengthening of our partnership approach with operators have made it possible to maintain this essential service network across County Durham and will continue to be key when facing the challenges as we head into the recovery phase.
- 7 By continuing the support for operators, we will take the opportunity to add further conditions to funding which will build on the positive outcomes of the current arrangements in an effort to embed some of the new practices into the new normal.
- 8 It is likely that it will take many months for patronage levels to return to anywhere near pre-pandemic levels. Notwithstanding this, it is anticipated that further pressure will be placed on the local bus network as we return to the new normal. As such, it is essential that the County Council continues to play a key role in ensuring that local bus service providers can continue to play a central role in our communities after this pandemic is over.

Recommendations

- 9 Cabinet is recommended to
 - (a) note the contents of this report and endorse the approach adopted towards local bus operators in respect of partnership working;
 - (b) approve the continuing levels of financial support in line with Government guidance and expectation and as applied consistently across the region, but subject to any future conditions, which will be agreed by the Corporate Director in consultation with the portfolio holder.

Background

- 10 The local bus network in County Durham is a key part of our transport system. It provides transport links that help boost the County and regional economy by providing access to jobs, as well as being a major employer in itself. It allows socially important connections to be maintained as well as providing access to healthcare, education, training, leisure and shopping destinations. It plays a major role in providing an alternative to the private car and, in so doing, helps to tackle the environmental and congestion problems caused by the private car. For many, it is the only alternative for those who wish to travel and cannot or choose not to drive a car.
- 11 Around 23 million journeys are made on local bus services in County Durham per year and around 6% of all journeys to work across the county are made by bus.
- 12 Go North East (53%) and Arriva (42%) provide the majority of the services across the county. Three other firms also run locally significant bus services without subsidy.
- 13 The diverse geography of County Durham, including its many rural destinations, creates complex travel demands highlighting the importance of transport across our rural area. The local bus network plays a key role in our ambitions for County Durham and our wider plan for both transport and the economy.

The impact of Covid-19 on local bus services

- 14 The onset of coronavirus has led to wide ranging changes across the whole of society and public transport provision has been significantly impacted by these changes.
- 15 Local bus service operators in County Durham have, since the beginning of April, been operating between 30% and 40% of their buses. This is due to the dramatic fall in patronage (to approximately 10% of normal), and the availability of drivers as a consequence of the coronavirus or furloughing. The COVID-19 pandemic has caused similar difficulties across the whole of the bus industry.
- 16 The main reductions in the public transport network were in the frequency of the core daytime services, with services generally reduced to every hour. All of our towns and villages which were previously served by public transport retained a service, although the network was simplified to some degree.
- 17 Evening and Sundays saw a materially higher percentage retained as, generally, services continued to run a simple hourly pattern until late

evening, to maintain connectivity for key workers. This meant the evening service was the normal level on many routes.

- 18 Subsidised weekday daytime services were maintained, largely unaltered, to avoid isolating communities.
- 19 Despite the above network, it is estimated that 5.4 million fewer journeys have been made on public transport in County Durham over the 12-week period since lockdown started than would normally have been expected at this time of year.
- 20 The bus network has remained vital to the economic and social well-being of our region during the pandemic, especially in relation to getting key workers to their places of employment and facilitating essential shopping trips. However, the reduction in patronage during lockdown has required urgent action in the form of financial support to maintain an essential traveller network.
- 21 Financial support for the sector is also important so that local bus service providers can continue to play a central role in our communities after this pandemic is over.
- 22 This financial support has come in a number of ways following Government guidance:
 - (a) the Government has agreed to continue to pay Bus Service Operators Grant (BSOG), usually based on the mileage operated by a bus service, at pre-pandemic levels;
 - (b) at the same time, the Government “urged” local authorities to maintain payments for the English National Concessionary Travel Scheme (ENCTS), usually reimbursing the income forgone from allowing older and disabled passengers free travel, at pre-Covid-19 levels;
 - (c) Government has also encouraged local authorities to continue to make payments for tendered services at pre-pandemic levels, even though such contracts may not be operating in full;
 - (d) Government has introduced the COVID-19 Bus Services Support Grant (CBSSG). The CBSSG is an England-wide, outside of London, funding mechanism to ensure that sufficient bus services continue to operate in the right places, and at the right times of day, during the COVID-19 outbreak to meet expected demand whilst maintaining appropriate patronage levels in line with Government guidance on social distancing. The CBSSG is designed to provide additional funding on top of continued

payments from the public sector to bus operators (as mentioned above) at pre-pandemic levels, as requested by Ministers.

- 23 The County Council has maintained these payments in line with Government guidance and details are shown in Table 1 below.

Table 1. Funding

Funding stream	Value
ENCTS	£11.9m p.a.
Tendered Services	£4.6m net p.a.
LTA CBSSG	£271k

- 24 In response for this support, the Council set out a number of requirements that it expects of operators:
- (a) to continue to work with Council officers to agree an “Essential Traveller Network” that defines days of operation, hours of operation, frequency of service and destinations to be served that are important to key workers and for essential shopping;
 - (b) to work together to review and amend this network as the situation and our understanding develops;
 - (c) as necessary, to provide information in order that the Council can demonstrate that public funding is being used: (a) in the manner intended; (b) that payments were needed to ensure continuity of service levels on the essential traveller network;
 - (d) to make every effort to source central Government emergency business support funding throughout the crisis, including but not limited to the furloughing scheme.
- 25 It was made clear that the Council reserves the right to recover any payments that cannot be demonstrated to be needed, including withholding or setting-off any such amount against future payments under this or any other contractual arrangement with the company.
- 26 Throughout this difficult period, it is important that officers and operators remain in close dialogue and the Council is keen to work in partnership to help ensure their financial viability through the worst of this crisis and to protect vital jobs and services in the longer term.

- 27 As a consequence of the above requirements, officers have worked closely with members of the North East Bus Operators Association (NEBus), the Confederation of Passenger Transport (CPT) and regional colleagues, through weekly conference calls, to ensure that the bus network is co-ordinated and has responded in line with the demands of the region.
- 28 Through NEbus, all of the regions bus operators, including Go North East, Arriva and Stagecoach, have also agreed to accept each other's return, day and season tickets on common sections of route during this crisis. This arrangement has been in place since the beginning of April and will continue into the next phase of recovery.
- 29 This collaborative working and strengthening of our partnership approach with operators have made it possible to maintain this essential service network across County Durham and will continue to be key when facing the challenges as we head into the recovery phase.

Current Position

- 30 Following the Government's most recent announcements on the relaxing of lockdown measures, a second tranche of CBSSG funding has been agreed in order to aid local bus operators to return to pre-COVID-19 service levels. This funding, which will be reviewed on a regular basis, is designed to provide additional funding on top of continued payments from the public sector to bus operators (BSOG, ENCTS, and tendered services) at pre-pandemic levels, as requested by Ministers.
- 31 The relaxing of lockdown measures will, inevitably, lead to an increase in bus patronage. To manage the increase in patronage in a safe environment and maintain, wherever possible, social distancing, the two principal operators in County Durham (Arriva and Go North East) are increasing the volume and frequencies of their services to cater for increased demand while maintaining social distancing on buses.
- 32 Service levels will increase in stages as the levels of patronage gradually increase, with the first of these changes being introduced on 1 June 2020. Early feedback from customers on these changes has been positive.
- 33 It is the intention to continue to make payments for ENCTS and tendered services at the budgeted rates through this recovery phase, as requested by Government. It is proposed that this position is reviewed in line with any corresponding Government guidelines or announcements of further funding initiatives.

- 34 It should be noted that while the County Council is part of the North East Combined Authority and transport for the region is governed through the North East Transport Committee, the powers on ENCTS and subsidised services lies directly and solely with the County Council. This is demonstrated by the differing discretionary elements of the concessionary fares schemes across Durham, Northumberland and Tyne and Wear and the varying degrees of contracted local bus services in each of the authorities.

Going Forward

- 35 It is likely that it will take many months for patronage levels to return to anywhere near pre-pandemic levels.
- 36 However, notwithstanding this, it is anticipated that further pressure will be placed on the local bus network if, as is expected, social distancing rules remain in place for the foreseeable future and patronage increases.
- 37 We will continue to work closely with NEBus, CPT and regional colleagues to manage the developing situation and, in so doing, strengthen our working relationship in the spirit of partnership, to ensure a smooth transition to the new normal.
- 38 Continuing financial support, as well as being subject to the conditions detailed in paragraphs 24 and 25, will give the Council the opportunity to build further conditions on funding in an effort to improve the offer to passengers and we will work with regional partners to achieve a common view on such opportunities.
- 39 These conditions will build on the positive outcomes of the current arrangements in an effort to embed some of the new practices into the new normal e.g. contactless payments have significantly reduced the risk of transmission of the virus but also reduces boarding times, thus contributing to reducing delays and improving punctuality. Also, the introduction of a multi operator fares scheme will bring benefits for passengers in a variety of ways.

Conclusion

- 40 Local bus services and the firms that operate them have seen unprecedented changes as a consequence of the Covid-19 pandemic. Remarkable work has been required by the sector and local authorities to ensure services have been delivered where they have been essential to maintain access to work for key workers and shopping journeys for those who have no alternative.

- 41 The success of that essential traveller network has only been possible through the close working relationship between County Council officers and the operators themselves.
- 42 It is essential that the County Council continues to play a key role in ensuring that local bus service providers can continue to play a central role in our communities after this pandemic is over.

Background papers

- .None.

Author(s)

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Appendix 1: Implications

Legal Implications

Legal advice has been sought to cover the proposals in this report.

Finance

Payments for English National Concessionary Travel Scheme (ENCTS) and tendered services are currently being paid at budgeted levels.

Consultation

None specific in this report.

Equality and Diversity / Public Sector Equality Duty

None specific in this report.

Climate Change

Maintaining the local bus network contributes to the aims and objectives of the climate emergency in reducing the use of the private car.

Human Rights

None specific in this report.

Crime and Disorder

None specific in this report.

Staffing

None specific in this report.

Accommodation

None specific in this report.

Risk

None specific in this report.

Procurement

None specific in this report.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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