



Cabinet

Date **Wednesday 10 February 2021**
Time **9.30 a.m.**
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 Wednesday 13 January 2021
(Pages 5 - 8)
3. Declarations of interest

Key Decisions:

4. Towns and Villages Investment Plan - Report of Corporate Director of Regeneration, Economy and Growth [Key Decision: REG/01/2021] (Pages 9 - 76)
5. Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22 - Report of Interim Corporate Director of Resources [Key Decision: CORP/R/20/02] (Pages 77 - 270)
6. School Admission Arrangements Academic Year 2022/23 - Report of Corporate Director of Children and Young People's Services [Key Decision: CYPS/09/2020] (Pages 271 - 322)
7. Proposal to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021 - Report of Corporate Director of Children and Young People's Services [Key Decision: CYPS/01/2021] (Pages 323 - 338)

8. Proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021 - Report of Corporate Director of Children and Young People's Services [Key Decision: CYPS/02/2021] (Pages 339 - 356)

Ordinary Decisions:

9. A Corporate Environmental Statement, Governance and Management System - Report of Corporate Director of Neighbourhoods and Climate Change (Pages 357 - 370)
10. Council Homes Build Programme - Phase 1 - Report of Corporate Director of Regeneration, Economy and Growth (Pages 371 - 400)
11. Update on Commercial Headleases - Joint Report of Corporate Director of Regeneration, Economy and Growth and Interim Corporate Director of Resources (Pages 401 - 422)
12. Such other business as, in the opinion of the Chair 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. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

Helen Lynch

Head of Legal and Democratic Services

County Hall
Durham
2 February 2021

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 Hovvels, C Marshall, A Patterson, K Shaw, B Stephens and A Surtees

DURHAM COUNTY COUNCIL

CABINET

At a meeting of **Cabinet** held remotely via Microsoft Teams at **9.30 am** on **Wednesday 13 January 2021**

Present

Councillor S Henig, Leader of the Council (Chair)

Cabinet Members

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

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 16 December 2020 were agreed as a correct record and would be signed by the Chair.

3 Declarations of Interest

The following disclosable pecuniary interests were declared.

Councillor A Patterson, in relation to item 5, as a business owner eligible to apply for grant funding.

Councillor B Stephens in relation to item 7, as a member of the Town Board.

Councillor J Allen, in relation to item 7, as a member of the Town Board.

The members confirmed they would leave the meeting during the consideration of the respective reports.

4 County Durham Partnership Update

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided an update on the issues being addressed by the County Durham Partnership and other key initiatives being carried out in partnership across the county (for copy see file of minutes).

The Chair, Councillor S Henig, Leader of the Council, thanked the people of County Durham for the role they are playing during the pandemic, and, all those involved in the wider partnership, including the County Durham Together Hub, the COVID-19 Community Champions, Area Action Partnerships and the many other partnership groups who, together, continue to do a huge amount of work to provide valuable support in their local communities.

The Chair added that he had been privileged to attend virtual meetings of all 14 of the county's Area Action Partnerships held during the autumn, where he had taken the opportunity to thank community groups for their hard work over recent months. At these events, members of the public were invited to give their views on a wide range of local issues. Over 1,300 comments were received which will be used to inform the Council's approach to the regeneration of towns and villages across the county.

Councillor B Stephens, Portfolio Holder for Neighbourhoods and Local Partnerships, paid tribute to the excellent work of partners in the voluntary and community sector, including the AAPs, who have continued to secure valuable funding for projects to support the needs of the people within their local areas.

Resolved:

That the report be noted.

Councillor A Patterson left the meeting.

5 Grant Support for Business Recovery

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval for a package of measures to support County Durham businesses to recover from the impact of COVID-19 in order to safeguard jobs and facilitate economic recovery (for copy see file of minutes).

Councillor C Marshall, Portfolio Holder for Economic Regeneration, commented that the introduction of the £5 million business recovery grant scheme would enable businesses to plan for recovery from the pandemic and potentially safeguard jobs. As companies in all sectors suffer reduced levels of income, planning for the return to trading in due course, would bring further challenges, as businesses adapt workplaces and methods of operation.

Councillor A Napier, Deputy Leader of the Council and Portfolio Holder for Finance, highlighted that the proposal builds upon the excellent work done to support businesses through the business grant schemes, with the Council being at the forefront of implementing the schemes quickly and efficiently. He referred to the inevitability of a prolonged period of recovery from the pandemic and the importance of protecting employment, to ensure the situation is not exacerbated by further job losses.

Resolved:

That the recommendations in the report be approved.

Councillor A Patterson re-joined the meeting

6 Social Value and Local Wealth Building (“The County Durham Pound”)

The Cabinet considered a joint report of the Corporate Director of Regeneration, Economy and Growth and the Interim Corporate Director of Resources which provided an update on a programme of targeted interventions to build on the Council’s strong track record of using its buying power and policy functions to drive local value (for copy see file of minutes).

Councillor C Marshall placed on record his thanks for the amount of work undertaken over the years to position Durham County Council as a national leader in this area. He welcomed the ten key initiatives outlined in the report which aim to continue to maximise the impact of the Durham pound.

Councillor A Napier echoed Councillor Marshall’s comments and thanked the Chief Procurement Officer, Darren Knowd, and the Procurement Team, for the excellent work carried out to lead on this issue, both locally and nationally, through the LGA Social Value Taskforce.

Resolved:

That the report be noted.

Councillors J Allen and B Stephens left the meeting.

7 Bishop Auckland Town Fund: Submission Approval

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the process of submitting a Town Investment Plan to Government in order to secure capital resources from the Towns Fund. The report identified the timescale for the submission of the Bishop Auckland Town Fund application and requested the Council’s approval is facilitated via a delegated authority arrangement (for copy see file of minutes).

Councillor C Marshall provided assurance that the Council will continue to challenge government on the bidding criteria for these schemes which precludes the submission of more than one bid. He commented on the ambitions of the project which are in line with the Bishop Auckland Masterplan approved by Council in 2019, with the areas of potential investment proposed also being beneficial to the wider south Durham area. He expressed his support for the proposal to make an exceptional case, and to submit a bid above the standard £25 million, subject to that case being made.

Councillor A Napier welcomed the investment and remarked that there are many other town and villages across the county that require similar investment. He added that he is awaiting, with interest, the government's proposals for the shared prosperity and levelling-up funds, in the hope that these funds will be distributed on the basis of need.

Resolved:

That the recommendation in the report be approved.

Cabinet

10 February 2021

**Towns and Villages
Investment Plan**

Key Decision No. REG/01/21



Report of Corporate Management Team

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 The purpose of this report is to update Cabinet on the Towns and Villages programme, which has identified over £750 million of investment across the county as part of a long-term commitment to supporting thriving communities.
- 2 Following the agreement of the Towns and Villages Strategy in October 2020, Cabinet is asked to endorse the Towns and Villages Investment Plan, which sets out the £20 million commitment to our most disadvantaged communities.
- 3 Further to the success of the 14 Area Action Partnership (AAP) consultation events held in October and November 2020, it is recommended that Cabinet also agree an additional £5 million investment, which will further support the Covid Recovery priorities and provide each AAP with a budget in recognition of the opportunities to deliver local priorities raised by communities.

Executive Summary

- 4 As an integrated approach to place-based regeneration, Towns and Villages has identified a conservative estimated investment programme of more than £750 million. A clear program supporting place priorities,

such as the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes for our towns and villages across our large and diverse county.

- 5 Towns and Villages is a long-standing priority of the Council. In the context of the impact of the economic recession induced by the restrictions required due to the Covid-19 pandemic, our towns and villages face increased challenges. This significant boost to investment across the county will provide vital stimulus to support our towns and villages to revive and recover.
- 6 By adopting an integrated approach to place-based regeneration, the Towns and Villages Programme ensures stronger outcomes by aligning Council activity and working alongside our Partners.
- 7 The Strategy, as agreed by Cabinet October 2020, was subject to consultation across all 14 AAPs which are open to the public and geographically cover the full County area, this consultation reflected the approach received overwhelming support.
- 8 A key objective of the Towns and Villages Strategy is ensuring added value to investment. By identifying current investment, it is possible to better align projects, realign budgets to priorities and identify gaps or areas where more support will create better community outcomes.
- 9 This includes the delivery of Council services alongside the investment of our Partners across the county such as ensuring quality affordable housing. Towns and Villages provides opportunities to support our businesses and retailers in these unprecedented times; revamping our town centres to make them more resilient to changing economic conditions; developing strategic employment opportunities to create more and better jobs; making improvements to walking and cycling infrastructure and tackling housing issues that currently exist including empty properties and pockets of low demand across the county.
- 10 The Strategy provides the context for future investment decisions to be taken by our partners ensuring that priorities identified directly through the consultation and the supporting evidence can be delivered. It ensures that budgets such as Section 106 money delivered through planning permissions and local transport programmes are aligned to the priorities. Finally, the Investment Plan brings together all investment to provide additional capacity to help those areas in most need to maximise the outcomes particularly relating to community resilience and increasing confidence in our most disadvantaged areas.
- 11 County Durham is primarily a rural county and therefore the future prosperity of our rural areas is central to the success of Towns and Villages. County Durham's rural areas vary widely in character from

remote and sparsely populated areas in the Pennine Dales, to the larger villages located within the former coalfield communities. The specific needs of our rural communities are widespread meaning that issues including rural isolation and community resilience, specific employment and housing needs as well as transport and connectivity is central to this approach.

- 12 County Durham has number of challenges ahead including how it addresses the Climate Change Emergency and how it responds to the impacts of the Covid 19 pandemic. The Strategy will support the county's recovery and build long term resilience by focusing upon these challenges and ensuring all projects are aligned to and take account of these issues when identifying the future investment plan.
- 13 As part of agreeing the Strategy, Cabinet also agreed £20 million to support our most disadvantaged communities. The Strategy brings together three key strands: those that are delivered in conjunction with or by our many partners that operate in County Durham; realigning existing budgets and services delivered by the Council; and the Investment Plan details the additional resource of £20 million.
- 14 Following the success of the consultation events with the AAPs, which were held in October and November 2020 and are open to all communities, it is proposed that a further allocation of £5 million is made to ensure that opportunities to improve local areas can be further enhanced. This raises the overall Towns and Villages programme allocation to £25 million. This financial commitment is to accelerate the delivery of County Council priorities through a greater understanding of both the needs and opportunities that exist within our communities. It also provides an opportunity to ensure that every AAP will benefit from this funding by allocating a specific budget for each area to spend against the agreed priorities of the Strategy.
- 15 The Towns and Villages Investment Plan details the projects and priorities that will deliver targeted improvements to our most disadvantaged communities. This partnership approach will be embedded through regular dialogue with our AAPs including the monitoring of projects and the identification of new opportunities.

Recommendation(s)

- 16 Cabinet is recommended to:
 - (a) agree a further £5 million investment, to bring the Towns and Villages funding allocation to £25 million, to supplement the existing Towns and Villages programme which is delivering over £750 million investment across the County;

- (b) agree the detail contained in the Towns and Villages Investment Plan that sets the investment programme for 2021-2024 years, as set out in Appendix 2;
- (c) endorse the Governance arrangements as detailed within the report; and
- (d) delegate authority to the Corporate Director of Regeneration, Economy and Growth and the interim Corporate Director of Resources, in consultation with the portfolio holders for Economic Regeneration and Deputy Leader and Finance, to approve any changes to the Investment Plan as identified for financial year 2021/22.

Background

17 The current approach to Towns and Villages was agreed by Cabinet on 12 December 2018 and the Strategy was agreed on 14 October 2020. The Strategy acknowledged that significant work has been undertaken to develop and pilot initiatives in line with Towns and Village place priorities. It also aligns the key priorities for investment to the Council's Vision by setting out five agreed themes:

- Strategic Investments;
- Housing and Community;
- Environment and Health;
- Built Environment; and
- Transport and Connectivity.

18 The ongoing regeneration of the county's towns has remained a constant element of the Council's work. It is important that we build on the successes achieved through this work to date, including the physical changes already seen in our Towns and Villages and the improved integration of the working arrangements between the range of services that identify, deliver and maintain the improvements made. This integrated approach to regeneration has led to a conservative estimated operational investment programme of more than £750 million covering town centres, employment, transport infrastructure and housing investment schemes across the county.



19 As part of the Towns and Villages Strategy £20 million was agreed to ensure additional resource is directed to communities and programmes with identified needs, wherever possible linking with mainstream Council investment and partner expenditure to coordinate and maximise local investment and change. This approach together with using evidence such as through County Durham Together and the Council's Vision helps us understand how our residents interact and live within their environment.

Public Engagement

- 20 Following Cabinet agreement to the Strategy and a financial commitment of £20 million, discussions with our Area Action Partnerships (AAPs) took place to help develop a programme of activity as part of a Towns and Villages Investment Plan.
- 21 A series of virtual meetings were hosted between 20 October and 12 November 2020 by each of the 14 AAPs to gather views on a wide range of issues including Towns and Villages. Attendees were informed of the partnership working and alignment of current activity including that Towns and Villages has already helped identify over £750 million of investment across the county. Consultees were provided with an opportunity to influence how a further financial commitment could address the current challenges and opportunities within their AAP area.
- 22 In total over 1,000 comments were received from people who attended the 14 events. The suggestions made during the event were then included within a summary report and considered by each of the AAP Boards. The AAP Board Members were asked whether the summary covered the key areas of focus for their towns and villages; if not, what additional priorities / issues need to be considered and taking all of that into account what the three priorities were for their AAP area. The comments put forward were widespread and included:
- a need to provide support for retailers and businesses;
 - a need to focus on the public realm and general appearance of some town centres and neighbourhood parades;
 - opportunities to repurpose and resolve issues of vacant commercial properties;
 - a need to tackle private landlords and address empty properties;
 - ensure good quality design of our places and spaces;
 - meeting the community's housing needs especially bungalows and specialist accommodation;
 - the identification of improved opportunities for healthy living;
 - improved connectivity through public transport, walking, cycling and broadband connectivity;
 - traffic and parking;
 - investment in community facilities, as well as a growing concern around litter, fly tipping and other anti-social behavior.
- 23 All comments received have been considered and achievable priorities which would meet the Towns and Villages Strategy have been identified

within the Investment Plan. In light of the alignment between the identified community priorities and the agreed Towns and Villages themes, it is recommended to increase the Towns and Villages budget allocation from £20 million to £25 million. This financial commitment will ensure that local schemes and projects can be delivered and will address the challenges and opportunities that are important across all of our communities.

Investment Plan

- 24 Taking into account the £750 million worth of investment across the county and the wishes of the communities raised during the AAP events, an initial proposal for programme of works is set out within the Investment Plan. The Investment Plan demonstrates that there are opportunities for improvements across all of our AAP areas but with a specific emphasis on our most disadvantaged communities in an attempt to provide an equitable approach to regeneration.
- 25 The Council's commitment via Towns and Villages has been the catalyst which has resulted in significant regeneration projects across the county by supporting delivery and maximising outcomes. This has included contributions by acquiring sites and land assembly to deliver strategic investment. Such investments have included the opening of Horden Rail Station which links communities in the east of the county to the local, regional and national network and supports much wider opportunities for more and better jobs and support the commitment to regeneration in Horden. The project delivered £10.55 million of investment following a Council commitment of £3.3 million. Furthermore, as part of our town centre transformation, a £600,000 commitment by the Council has secured a multi-million investment to secure the redevelopment of Festival Walk, Spennymoor which will provide much wider benefits to communities in the area.
- 26 The full Investment Plan is set out at Appendix 2, providing brief details of the projects currently supported through Towns and Villages, the programme allocations and the initial focus for delivery. The Investment Plan will remain under regular review and responsive to challenges and opportunities that arise by providing alignment and additionality with aligned Council and Partner activity.
- 27 The Investment Plan sets out the commitment to date and looks forward to the programme of investment that is coming up. There is activity taking place across all AAP areas but with a specific emphasis on our most disadvantaged communities to ensure an equitable approach to regeneration.

28 The Investment Plan builds upon regeneration activity which is already underway across County Durham and can be broadly summarised into the following five identified themes:

- Strategic Investments

Investment which supports digital innovation and environmental and public realm improvements across all of our town centres is being undertaken. The use of technology and smarter ways of working and the importance of attractive neighbourhood centres was identified as being significantly important during the AAP consultation events. In particular, the need to support our businesses and retailers and improve their business resilience as part of economic recovery efforts and help them to respond to the continued changes to retailing. Opportunities for Targeted Business Improvements scheme has been rolled out with great success, meaning that businesses in towns and villages across the county, including our rural communities, can benefit.

- Housing and Community

Engaging with communities during the AAP events, identified the importance of addressing localised issues of concern particularly those which can help to maintain the social fabric and improve the resilience of local communities. Such projects have included extensions to community buildings to support the delivery or development of services which was particularly important for remote and rural communities.

The importance of ensuring that our community housing needs are met as well as tackling blight caused by empty homes and problem landlords was also raised during the AAP events. For example, the Investment Plan identifies the role of the Housing Opportunities Fund and projects to be delivered via Community Housing opportunities. These schemes are in addition to improving the existing housing stock such as through the Green Home Fuel Efficiency Programme in areas around Ferryhill, Chilton, West Cornforth and Bishop Middleham, meaning that properties with a low energy efficiency rating will be improved, Shildon now also has a Community Action Scheme which tackles issues such as empty properties and noise.

- Built Environment

The need to tackle vulnerable and often vacant buildings was raised by the public during the AAP events. By utilising the economic potential of vulnerable buildings and enabling

opportunities for redevelopment and investment can increase community and social value by addressing issues of anti-social behaviour and, by creating an attractive appearance and safe local environment.

- Environment and Health

Challenges ahead include how the County addresses the Climate Change Emergency and respond to the impacts from the Covid 19 pandemic. Towns and Villages will help support the county's recovery and build long term resilience by focusing on these challenges and ensuring all projects are aligned to them or take them into account when identifying future investment opportunities. Opportunities including the maintenance and improvement of public open spaces, remains a priority for many local communities at the current time, it is anticipated that this theme will need to be responsive to future challenges.

- Transport and Connectivity

The on-going need to ensure that residents can access jobs, services and facilities by public transport was a key challenge identified during the AAP events. Through our existing arrangements, we will continue to encourage bus operators to provide services where they are needed. Specific opportunities to enhance walking and cycling were also identified through the consultation such as projects including: the Stockton-Darlington railway line; the Weardale Way; Murton to Dalton Park and improvements south of Pesspool Wood to Wingate East Durham Rural Corridor at Trimdon link to Coxhoe. Funding has already been committed to help transform the heritage Weardale Railway, as a major visitor attraction. Forthcoming projects to address issues associated with broadband connectivity, particularly in our rural communities and around social isolation in our elderly communities are also likely to come to fruition in future years.

- 29 The Investment Plan clearly demonstrates that all areas of the county will benefit from Towns and Villages. The allocation of an additional £5 million for AAP area programmes will further ensure that there are significant opportunities for our local communities and partners to focus on their own priorities for regeneration. The allocation provides funding amounting to £300,000 (available across 2021/22 – 2023/24) to each of the 14 AAPs to deliver projects identified within their own communities. Bids for funding will be made through the established AAP funding process.

- 30 Given the scope of the Towns and Villages programme and the established process of local priority setting and resourcing, higher value projects may be developed drawing together existing AAP allocations and the uplifted Towns and Villages funding. Full details of the mechanisms for AAPs to access the Towns and Villages Small Area Improvement fund will be circulated to each of the AAPs to allow schemes for 2021/22 to be identified, developed and delivered.

Governance

- 31 In order to ensure that Towns and Villages supports projects that are identified in line with the Strategy, governance arrangements have been put in place which consist of an Officer Project Team (OPT) and the Towns and Villages Board.
- 32 The OPT will ensure the delivery of the projects identified within the Investment Plan including monitoring the success of the Towns and Villages Strategy. The OPT will be responsible for identifying the need for change, based on opportunities that may be forthcoming. Any projects delivered by the AAPs will be fed into the OPT via the two AAP Principal Coordinators.
- 33 The Towns and Villages Board will receive regular updates on the progress of the projects in the Investment Plan and make decisions on any issues that may arise together with considering future project opportunities. The Board is primarily in place to ensure that the projects progress through the use of delegated powers without the need to escalate all decisions to Cabinet. However, Cabinet decisions will continue to be sought in line with the Council's Constitution.

Communications and Marketing

- 34 Given the scope and variety of projects included in the Investment Plan, there is a need for projects delivered by Towns and Villages to be clearly recognisable in a style recognisable by all audiences, so that they can identify a Towns and Villages project.
- 35 A new style template for projects delivered through the Towns and Villages programme will replace the current project design graphics providing both programme identification and locality specific references, building on pilot work undertaken as part of investment projects during 2019 and 2020.

Next Steps

- 36 Public consultation via the AAPs has provided a pipeline of projects to be included within the Investment Plan. It is now essential that the delivery of these projects is secured. In order to ensure that the

challenges and opportunities raised by our communities are embedded into future investment decisions made by the Council and its Partners, on-going conversations will be held with our communities to ensure that their views are at the forefront of future Council and partner activity and investment decisions. This partnership approach will be embedded through regular discussions with our AAPs including the monitoring of progress of projects and the identification of new opportunities.

- 37 As projects identified within the Investment Plan progress, further reports will be considered through the governance arrangements identified and, where appropriate, decisions will be made by Cabinet. This includes site assembly through the use of statutory enforcement powers, the use of Section 106 monies, local transport priorities, a future report on Housing Strategy Targeted Delivery Plans (TDPs) and other budget areas for delivering environmental opportunities.
- 38 TDPs have their origin in the County Durham Housing Strategy and relate to the objective of maintaining and improving the existing housing stock and the wider housing environment. TDPs are being developed as an approach to deliver an intensive, focused and coordinated programme of activities by the Council and its partners in areas most in need across the county. Whilst, there will be a wider programme of TDPs, Cabinet in March will be asked to consider the first round of documents for areas including in New Kyo; Coundon Grange; Blackhall Colliery South; Thickley; Deneside East; and Stanley Hall West.
- 39 The initial Investment Plan as presented is part on an ongoing approach to regeneration and a place-based focus. Our communities and / or businesses will be central to this new approach and the AAPs will be the mechanism whereby communities will be able to continue to identify issues and suggest future capital schemes and funding applications as they emerge. The Investment Plan will continue to evolve through monitoring, further consultation, working of existing and new partners.

Background papers

Town and Villages Cabinet Report (December 2018)

Towns and Villages Strategy Cabinet Report (October 2020)

County Durham Housing Strategy (2019)

Council Vision

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Appendix 1: Implications

Legal Implications

Whilst there are no legal implications for the Investment Plan per se, the projects which take place will involve the exercise of various Council powers. Legal implications for each individual project will be determined and considered as part of each project plan and risk assessment.

Finance

The Towns and Villages Strategy will represent an additional demand on capital directed towards town and village regeneration. The projects as identified seek to maintain the town centre capital programme at its current level while widening work to include support for further regeneration in towns and villages aligned to the themes identified.

Following the latest round of AAP engagement, an additional allocation of £5 million is proposed to the Towns and Village programme providing an overall budget of £25 million over the next 3 years that helps to address the inequalities faced by all communities. This additional allocation is possible as a result of ongoing strong financial controls and the prioritisation of resources to meet local needs.

Consultation

Discussions with the AAPs have resulted in more than 1000 comments which have been considered to inform the Investment Plan. Detail of the AAP engagement is detailed within the report. Each AAP will have access to £300,000 across the programme lifetime to deliver projects in line with Town and village programme aims. Individual project consultations for major schemes to be funded through the Town and Village Programme will be undertaken in line with established processes. Monitoring of priorities and projects to reflect funding opportunities and change at community level will be undertaken through regular discussions with each AAP.

Equality and Diversity / Public Sector Equality Duty

The Council acknowledges that, in exercising its functions, it has a legal duty under the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations. This duty applies to all people defined as having protected characteristics under that legislation. Through the Towns and Villages Strategy, positive improvements to communities and their environments will be made, including through improving leisure/social, residential and commercial opportunities.

The Equality Impact Assessment produced alongside the Strategy has been revised following the AAP engagement and has informed the Investment Plan and reflects AAP feedback and projects which may impact on those with protected characteristics. The Equality Impact Assessment can be viewed at Appendix 3.

Climate Change

The Towns and Villages Strategy and Investment Plan contributes to the aims and objectives of the Climate Emergency Response Plan. Opportunities for addressing climate change have been identified against the Environment and Health and Transport and Connectivity theme. Aligning Council activity and adding value to projects coming forward as part of addressing the climate emergency will be undertaken. The need to address climate change was a key theme from the AAP engagement.

Human Rights

Protocol 1 Article 1: Every natural or legal person is entitled to the peaceful enjoyment of his possessions, including their property. Any interference with landowners' rights must be balanced against the wider public. Any implications of enforcement action or compulsory purchase will be considered in detail in the context of specific proposals.

Crime and Disorder

Crime is one of the indicators included to determine the worst performing MSOAs. Any projects identified will seek to reduce vulnerability, increase resilience and ensure public safety and security.

Staffing

No additional staff resource has been identified. The Towns and Villages Strategy will align Council activity and includes a focus on shared information, integrated solutions and better working arrangements across the Council.

Accommodation

There are no accommodation issues currently identified.

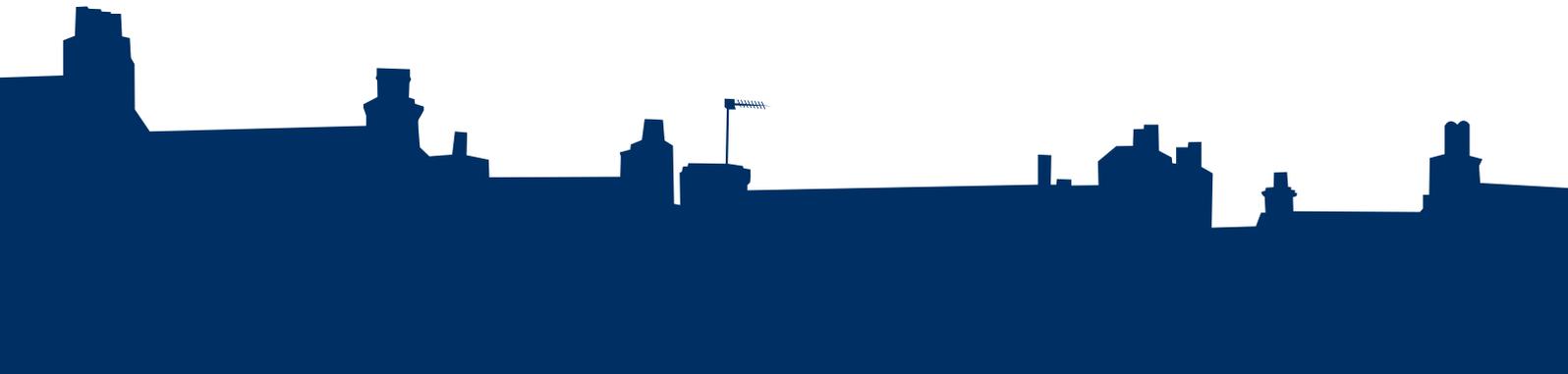
Risk

Individual projects identified within the Investment Plan will have risks assessed and managed as part of project management processes.

Procurement

When required, projects may require additional expertise commissioned to deliver projects in accordance with the Council's procurement rules/procedures.

towns & Villages



Programme Investment Plan

Contents

- 1.0 Towns and Villages Themes
- 2.0 Project Summaries
- 3.0 Programme Allocations
- 4.0 Capital Profiles
- 5.0 Programme Delivery
- 6.0 AAP Delivery Schedules



Introduction

The Towns and Villages programme offers integrated approach to place-based regeneration and has identified a county wide investment programme of more than £750 million.

This investment has been achieved by aligning Council activity and working alongside our partners.

By identifying current investment, it is possible to better align projects, realign budgets to priorities and identify gaps or areas where more support will add value. This includes the delivery of Council services alongside the investment of our Partners across the county. Towns and Villages provides opportunities to support our businesses and retailers in these unprecedented times; revamping our town centres to make them more resilient to changing economic conditions; developing strategic employment opportunities to create more and better jobs; making improvements to walking and cycling infrastructure and tackling housing issues that currently exist including empty properties and pockets of low demand across the county.

County Durham is primarily a rural county and therefore the future prosperity of our rural areas is central to the success of Towns and Villages. County Durham's rural areas vary widely in character from remote and sparsely populated areas in the Pennine Dales, to the larger villages located within the former coalfield communities. The specific needs of our rural communities are widespread meaning that issues including rural isolation and community resilience, specific employment and housing needs as well as transport and connectivity are tackled as part of our approach.

County Durham has number of challenges ahead including how it addresses the Climate Change Emergency and how it

responds to the impacts of the COVID 19 pandemic. The Strategy will support the county's recovery and build long term resilience by focusing upon these challenges and ensuring all projects are aligned to and take account of these issues when identifying the future investment plan.

The Investment Plan brings together all investment to provide additional capacity to help those areas in most need to maximise the outcomes particularly relating to community resilience and increasing confidence in our most disadvantaged areas.

As part of agreeing the approach for Towns and Villages, the Council also set out its £20million commitment to our most disadvantaged communities. The Strategy brings together three key strands: those that are delivered in conjunction with or by our many partners that operate in County Durham; realigning existing budgets and services delivered by the Council; and the Investment Plan details the additional resource of £20 million.

Following the success of the consultation events with the Area Action Partnerships held in October and November 2020, and following consultation with Portfolio Members, it is proposed that a further allocation of £5million is made to ensure that opportunities to improve local areas can be maximised. This raises the overall Towns and Villages programme allocation to £25 million. This financial commitment is to accelerate the delivery of Council priorities through a greater understanding of both the needs and opportunities that exist within our communities. It also provides an opportunity to ensure that every AAP will benefit from this funding by allocating a specific budget for each area to spend against the agreed priorities of the Strategy.

1.0 Towns and Villages Themes

The Towns and Villages Investment Plan details the projects and priorities that will deliver targeted improvements to our most disadvantaged communities. This partnership approach will be embedded through regular dialogue with our AAPs including the monitoring of projects and the identification of new opportunities.

The five themes are;



Strategic Investments

To help achieve more and better Jobs through support for town and neighbourhood centres; link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities;



Housing and Community

To support the accelerated delivery of the Housing Strategy; deliver resilient, inclusive and connected communities; and maximising the benefits from S106 monies and private investment;



Environment and Health

To create local opportunities for physical activity; mental well-being through high quality environment; and support opportunities for addressing climate change helping to enable people to live long and independent lives;



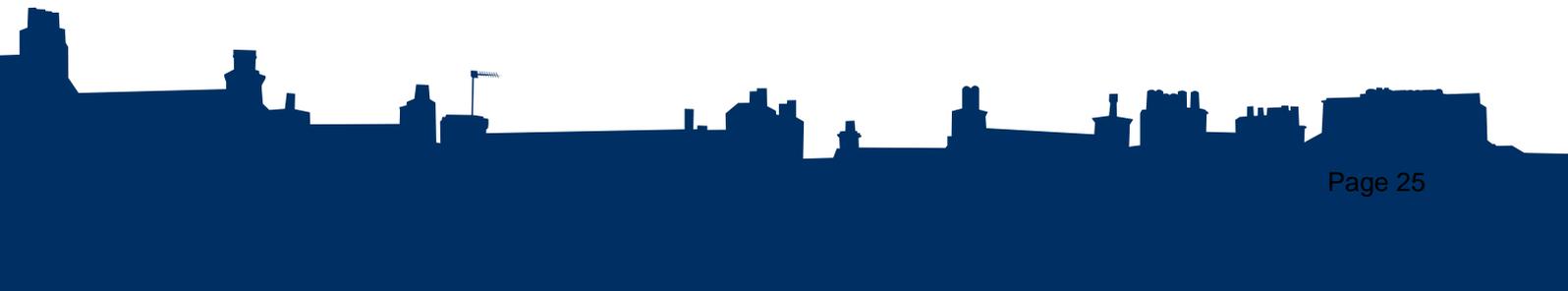
Built Environment

To drive and support regeneration activities within our towns and villages; find innovative solutions to underused/derelict land and buildings; support independent retailers and businesses to achieving more and better jobs; and to provide clean and attractive built environments that communities are proud of; and



Transport and Connectivity

To ensure connected communities through excellent connectivity for businesses, workforce and learning to help ensure our residents can access more and better jobs; optimise the use of well-maintained and connected transport corridors; encourage the use of alternative modes of transport including walking and cycling for long and independent lives.



2.0 Towns and Villages Project Summaries



Strategic Investments



Digital High Street

Free public Wi-Fi is being installed in main town centres following the successful pilot in Stanley and Bishop Auckland.

Installations link with increasing dwell time and social uses of town centre spaces. Wi-Fi usage figures will provide further insights into town centre usage and support targeted interventions across all centres.



Digital High Street (Revenue)

Delivering operational costs of Wi-Fi schemes including licensing and wayleaves.

In order to support local businesses and retailers, training is also being delivered in advance of scheme roll out to maximise the use of online sales and promotion alongside opportunities to supporting mobile phone apps. The use of technology and smarter ways of working is seen as an important element of support for retailers to improve their business resilience as part of the economic recovery efforts and the continued changes to retailing.



Retail Hub

The Retail hub project provides a number of strands of support to retailers, aimed at growing, supporting and making retail and hospitality businesses more resilient.

Strand 1

Retail business Support assisting in channel shift to improve resilience and broaden sales opportunities further training and support opportunities will be delivered focussing on customer service, emergency first aid and food safety in catering.

Strand 2

Focussed on supporting new business formation and supported growth, supporting development of shared retail space, temporary retail offerings and 'meanwhile uses' of existing town centre property



Neighbourhood Retailing

Neighbourhood retail centres continue to play an important role in supporting local communities.

In the first phase of this project neighbourhood retail areas will be scoped out in an attempt to identify any opportunities for potential improvements and links to wider investment opportunities.

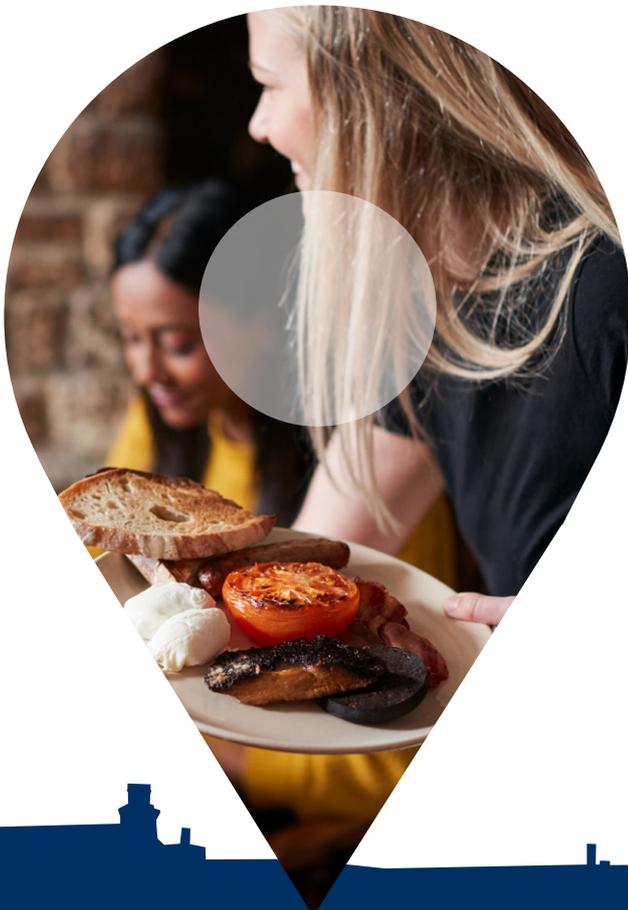
Phase two of the project looks to deliver physical improvements to support retailers and businesses by ensuring environment for users and to ensure community resilience within our centres.



Town and Village Vibrancy (Revenue)

Building on the established events programme already in place, the Town Centre vibrancy project seeks to deliver further events and to extend the reach of the existing ones to surrounding towns.

All Vibrancy projects will focus on driving increased footfall and will be scheduled to link with programmes of investment and retail support activities countywide.





Housing and Community



Community Housing

Beyond the extensive private and social housebuilding programmes scheduled for the coming years, there is a recognition of the need for smaller specialist developments to address the needs of groups with particular needs. Through this project small scale specialist development schemes will be identified and supported, to meet localised housing needs.

This can include housing for vulnerable adults such as veteran housing or specialist accommodation. In some instances, this involves the acquisition of problem properties for clearance and redevelopment, aligned to the Towns and Villages vulnerable buildings and property reuse agendas.



Housing Opportunities Fund

Recent work undertaken across the County had identified the scale of the empty home challenge and the demands for smaller scale local residential development opportunities. Addressing long term empty properties in communities most effected by them is a key outcome identified by the Housing Strategy and sets out the council's involvement in a range of activities to bring empty properties back into use.

Support for acquisition, clearance, conversion or improvement of property under the Housing Opportunities Fund also aligns to the Towns and Villages vulnerable buildings and property reuse agendas.



Improving Community Resilience

Addressing localised issues of concern which can help to maintain the social fabric and improve the resilience of local communities. Such projects have included extensions to community buildings to support the delivery or development of services – particularly important for remote and rural communities.



Green Home Fuel Efficiency Programmes

Aligned to the priorities of the Housing Strategy the Green Home programme provides the opportunity to directly improve the poorest performing properties which result in fuel poverty.

Where available the Green Home programme will align with external funds to maximise the delivery and improvement opportunities to the poorest low EPC (i.e. D, E, F & G) energy rated properties countywide. s by providing brick and stone external wall insulation to solid wall homes. Prominent streets and elevations will be prioritised for retrofit to maximise uplift and impact.



Horden Regeneration Programme

Supporting the commitment to regeneration and development as identified in the Horden Masterplan.



Allotment Improvement Programme

Allotments occupy significant land allocations across many off the County's communities and provide an important community resource. Small scale improvements made in conjunction with allotment holders will improve the appearance, functionality and occupancy of allotments.



Small Area Programme Fund

Addressing smaller scale issues of community concern, the Small Areas programme fund links with the regular engagement with the County's Area Action Partnerships to provide a mechanism for communities to identify and secure improvements to issues of local concern which fall outside of the larger programme strands.

The small area programme fund recognises that community needs can be masked by ward and divisional boundaries and builds on the local understanding of communities and needs championed through the AAP and their priority theme groups.



Enhanced Environmental Maintenance

The maintenance and improvement of public open spaces remains a priority for many local communities. This enhanced programme of activity will provide targeted improvements by the Council's Clean and Green teams and aligned to neighbourhood retail parade and Targeted Delivery Plan programmes.





Vulnerable Buildings

Tackling vulnerable and often vacant buildings by utilising their economic potential, allowing for opportunities for redevelopment and investment, ensuring community and social value by addressing issues of anti-social behaviour and, by creating an attractive appearance and safe local environment.



Property Reuse and Conversion

The Property Reuse Loan Scheme seeks to support the reuse/repurposing of poor, commercial building stock that contributes to an area's decline. The initial focus of the loan scheme includes retail to residential space and support for the specialist fit out of food and beverage outlets.

It is an interest free loan scheme to support the purchase or works to a building. Loans of up to £50,000 is available to be paid back within 10 years within a recycled scheme.



Dean Bank Clearance and Improvement

The Programme is supporting a regeneration scheme by Bernicia. There is on-going work which has seen the demolition of 36 Bernicia properties in Faraday and Stephenson Street. Landscaping works will now follow together with a contribution towards environmental improvements and addressing remaining empty properties on Faraday and Stephenson Street.



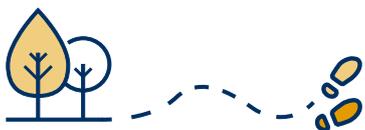
Sacriston Workshop Conversion

Aligned to targeted Neighbourhood Retail activity, the former workshops property has been identified as having capacity to support local small businesses, artisans and community groups. A phased investment programme will improve units and support local development opportunities.



Easington Colliery Programme

This project focuses on the identification of opportunities to make change and improvement in Easington Colliery. The acquisition and demolition of Easington Colliery School and subsequent environmental improvement is a major part of this commitment and has been commenced as a pilot initiative. Further local redevelopment opportunities will also be identified as part of this area-based programme.



Easington Colliery Programme – Revenue Support

Understanding the use of existing open spaces and the effective allocation of recreation areas and open spaces particularly adjacent to the coastal footpath.



South Moor Programme

The identification of opportunities for addressing current issues in South Moor. This includes a commitment to resolving the former South Moor Hotel site.





Transport and Connectivity



Walking and Cycling Routes

The creation and enhancement of walking and cycling opportunities within the county particularly linking outlying residential areas with main centres and connecting outlying villages with the main networks.



Neighbourhood Parking and Circulation

This project seeks to address locally raised car parking and traffic flow issues particularly focussed in residential areas where vehicle ownership has intensified local circulation difficulties and road safety concerns.



3.0 Towns and Villages Programme allocations

Theme	Project	Capital allocation (£)	Revenue allocation (£)	Total
Strategic Investments	Digital High Street	575,000	200,000	775,000
	Retail Hub		300,000	300,000
	Neighbourhood Retail Improvements	2,750,000		2,750,000
	Town and Village Vibrancy		200,000	200,000
Housing and Community	Community Housing	700,000		700,000
	Housing Opportunities Fund	150,000		150,000
	Improving Community Resilience	2,000,000		2,000,000
	Green Homes Fuel Efficiency Programme	850,000		850,000
	Horden Regeneration Programme	4,500,000		4,500,000
	Allotment Improvement Programme	75,000		75,000
Environment and Health	Enhanced Environmental Maintenance	500,000		500,000
Built Environment	Vulnerable Buildings	1,250,000	50,000	1,300,000
	Property Reuse and Conversion	500,000		500,000
	Dean Bank Clearance and Improvement	150,000		150,000
	Easington Colliery Programme	1,000,000	50,000	1,050,000
	South Moor Improvement Programme	200,000		200,000
	Sacriston Workshop Conversion	200,000		200,000
Transport and Connectivity	Walking and Cycling Routes	3,750,000		3,750,000
	Neighbourhood Parking and Circulation	850,000		850,000
Local Programme	AAP Area Improvement Fund	4,200,000		4,200,000
	Total:	24,200,000	800,000	25,000,000



4.0 Towns and Villages Capital Profiles

Theme	Project	19/20 (£)	20/21 (£)	21/22 (£)	22/23 (£)	23/24 (£)	Total
Strategic Investments	Digital High Street		107,250		400,000	67,750	575,000
	Neighbourhood Retail Improvements	73,597	201,403	582,000	895,000	998,000	2,750,000
Housing and Community	Community Housing		2,027	298,986	98,987	300,000	700,000
	Housing Opportunities Fund			150,000			150,000
	Improving Community Resilience			200,000	700,000	1,100,000	2,000,000
	Green Homes Fuel Efficiency Programme			150,000	300,000	400,000	850,000
	Horden Regeneration Programme				1,500,000	3,000,000	4,500,000
	Allotment Improvement Programme			25,000	25,000	25,000	75,000
Environment and Health	Enhanced Environmental Maintenance		40,000	160,000	150,000	150,000	500,000
Built Environment	Vulnerable Buildings			250,000	305,000	695,000	1,250,000
	Property Reuse and Conversion	50,000	150,000	100,000	100,000	100,000	500,000
	Dean Bank Clearance and Improvement	27,321	122,679				150,000
	Easington Colliery Programme	74,623	75,377	256,050	400,000	193,950	1,000,000
	South Moor Improvement Programme			99,629	50,000	50,371	200,000
	Sacriston Workshop Conversion		24,050	175,950			200,000
Transport and Connectivity	Walking and Cycling Routes			500,000	1,250,000	2,000,000	3,750,000
	Neighbourhood parking and circulation	7,263	2,737	140,000	300,000	400,000	850,000
Local Programme	AAP II Area Improvement Fund			1,400,000	1,400,000	1,400,000	4,200,000
							24,200,00

5.0 Towns and Villages Programme Delivery

Theme	Project	2021/22				2022/23	2023/24
		Q1	Q2	Q3	Q4		
Strategic Investments	Digital High Street	Chester-le-Street, Seaham and Barnard Castle Wifi Installations Digital Retail training programme	Co Durham Retail App Development	Durham City Wifi installation	Scheme design Consett, Spennymoor and Crook	Wifi scheme installation Consett, Spennymoor and Crook Digital Retail training programme	Wifi scheme installation Newton Aycliffe Digital Retail training programme
	Retail Hub	Shop Local Campaign Digital Media in Business training Customer Service Training Emergency First Aid at Work Training Food Safety in Catering Training	3 x Drop-in training sessions and business support on the High Street	Digital Media in Business training Customer Service Training Emergency First Aid at Work Training Food Safety in Catering Training	2 x Drop-in training sessions and business support on the High Street	2 x Digital Media in Business training 2 x Customer Service Training 2 x Emergency First Aid at Work Training 2 x Food Safety in Catering Training	2 x Digital Media in Business training 2 x Customer Service Training 2 x Emergency First Aid at Work Training 2 x Food Safety in Catering Training
	Neighbourhood Retail Improvements	Gilesgate Proudfoot Drive Esh Winning South Stanley	New Shildon Willington Tow Law Annfield Plain Cornforth Lanchester Blackhall	Silverdale Place Coundon Pelton Wheatley Hill Castleside Sacriston Blackhill	Framwellgate Murton Sacriston Easington Colliery Ushaw Moor	Station Town Haswell Plough Newton Hall Belmont Carville Thornley Sherburn Hill New Brancepeth Bearpark Brandon West Rainton Pittington	

Strategic Investments	Town and Village Vibrancy	Bishop Auckland Food Festival	Seaham Food Festival	Durham Book Festival	S&DR community engagement Digital Library development	Creative Economy Dev Digital Library Development Festivals and Events programme expansion	S&DR Digital Library/ Digital Community development Festivals and Events
Housing & Community	Community Housing	Crook Community Leisure East Durham Community Initiatives (EDCI)	DASH (Durham Action on Single Housing) Craghead Development Trust	Oakenshaw Community Association	Canney Communities	Further opportunities for community housing schemes	Further opportunities for community housing schemes
	Housing Opportunities Fund	Interventions in Targeted Delivery Plans areas	Interventions in Targeted Delivery Plans areas	Interventions in Targeted Delivery Plans areas	Interventions in Targeted Delivery Plans areas	Interventions in Targeted Delivery Plans areas	Interventions in Targeted Delivery Plans areas
	Improving Community Resilience			Hounds Gill Viaduct Scheduled Monument Project	Sacriston Coop Buildings, Workshops 4,5 & 6 completed Peterlee & Horden Rugby Club Community Building	Sacriston Coop Buildings	
	Green Homes programme *EWI – External Wall Insulation installs	Q1 – 75 properties/ EWI's complete	Q2 – 150 properties/ EWI's complete	Q3 – 225 Properties/ EWI's complete	Q4 – 300 Properties/ EWI's complete	Identify future funding opportunities for phase 2 programme.	

Housing & Community	Horden Regeneration Programme		Identify investment priorities through masterplan		Commence acquisition and clearance of targets/problem properties	Undertake site assembly and marketing	
	Allotment Improvement Programme		Identify and implement 4x allotment improvement schemes		Identify and implement 4x allotment improvement schemes	Identify and implement 12x allotment improvement schemes	Identify and implement 12x allotment improvement schemes
	AAP Small Area Improvement Fund	Engage with 14 AAPs to identifying Small Area Programme opportunities		Deliver 14 AAP Small Area improvement schemes	Deliver 28 AAP Small Area improvement schemes	Deliver AAP Small Area improvement schemes	Deliver AAP Small Area improvement schemes
Environmental & Health	Enhanced Environmental Maintenance	Deliver environmental improvement programme aligned to neighbourhood retail programme and targeted delivery plan areas					
Built Environment	Vulnerable Buildings		Address 2x priority buildings Stanley/Shildon	Address 1x priority property including Shildon	Address 2x priority buildings Chester-le-Street	Address 4x priority properties	Address 4x priority properties
	Property reuse and Conversion		1 x loan approval	1 x loan approval	1 x loan approval	Review loan take up and repayment rate 4x Loan approvals	4x loan approvals
	Dean Bank Clearance and Improvement		Conclude landscaping of recent clearance sites.				

Built Environment	Easington Colliery Programme	Commence demolition programme at former Colliery School		Undertake pocket park improvement programme		Identify phased programme of clearance development and improvements	
	South Moor Improvement Programme			Improve key problem sites and vulnerable properties			
	Sacrison Workshop Conversion				Improvements to Sacrison Coop Buildings, Workshops 4,5 & 6 completed to Sacrison Coop Buildings, Workshops 4,5 & 6 completed		
Transport & Connectivity	Walking and Cycling Connectivity Improvements		Audit of opportunities along the Weardale Way	Enhanced walking and cycling linked to Stockton and Darlington Railway 200th anniversary	Railway Paths to Bishop Auckland	Walking and cycling improvements south of Pesspool Wood to Wingate East Durham Rural Corridor at Trimdon link to Coxhoe	Murton to Dalton Park link
	Neighbourhood parking and circulation		Easington Village Parking/ Traffic project	Identification and design of four parking and circulation schemes	Parkside Traffic Improvement scheme	Deliver Parking and circulation programme	

6.0 Area Action Partnership Delivery Schedules

Three Towns Area Action Partnership				
Current Investment Total: £4.8 million				
Consultation Priorities: Improvements to public realm; addressing vacant properties; regulation of private landlords; and meet community housing needs.				
Recent Investments				
New Lidl Store - Crook			TBI Tow Law	
New Aldi Store - Crook			Spruce Up Programme - Tow Law	
Targeted Business Improvements - Crook			Spruce Up Programme - Willington	
Targeted Business Improvements Willington			CAT Scheme - Crook	
Shutter Blight Willington			CAT Scheme - Willington	
Town and Village Programme 2021/22				
Theme	Q1	Q2	Q3	Q4
Strategic Investments			Digital High Street – wifi Design Crook	
Housing & Community	AAP Area Programme launched			Community Housing opportunity Crook
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built Environment				Support Active re-use of Tow Law Cattle Mart
Transport & Connectivity				Parking Improvements Crook post office

Future Years Towns and Villages Programme		
Theme	2022/23	2023/24
Strategic Investments	Digital High Street – wifi installation Digital Retail Skills Programme	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.	
Aligned Activity / Investment		
Large parts of the AAP are covered by Selective Licensing to regulate private landlords – Crook, Roddymoor, Stanley Crook, Hunwick, Willington, Sunnybrow.		
Meeting community housing needs.		
Tackling empty properties.		
Highway infrastructure and maintenance		
Economic investments		



Four Together Area Action Partnership

Current Investment Total: £2.6 million

Consultation Priorities: address litter and improve the maintenance of the public realm, regulate private landlords and improve isolated community facilities.

Recent Investments

Targeted Business Improvements - Ferryhill		Bernicia Clearance Programme – Dean Bank
Spruce Up Programme - Chilton		Environmental Improvements Dean Bank
Spruce Up Programme – West Cornforth		C.A.T. Scheme Ferryhill
C.A.T. scheme - Ferryhill Station		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments		Neighbourhood Retail Improvements – West Cornforth	Neighbourhood Retail Improvements - Ferryhill	Neighbourhood Retail Improvement Programme Chilton
Housing & Community	AAP Area Programme launched		Green Homes programme / External Wall Insulation	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme		
Theme	2022/23	2023/24
Strategic Investments	To identify opportunities to support for town and neighbourhood centres; link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities.	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	
	Identify opportunities to ensure connected communities through excellent	
Transport & Connectivity	connectivity.	
Aligned Activity / Investment		
Large parts of the AAP are covered by Selective Licensing to regulate private landlords – Ferryhill Station, Dean Bank, West Cornforth.		
Tackling empty properties with concentrations at Ferryhill, Chilton, Chilton Lane and West Cornforth.		
Restoring our Railways – potential opportunities at Ferryhill Station.		
Rushyford roundabout improvements – A167 and A689.		



Bishop Auckland & Shildon Area Action Partnership

Current Investment Total: £136 million

Consultation Priorities: Maintain and improve the public realm, ensure well designed and public spaces, support for retailers and businesses, address litter, fly tipping and anti-social behaviour.

Recent Investments

Town Hall Refurbishment		C.A.T. Scheme - Shildon
Town Centre wifi		Spruce Up - Shildon
Welcome Tower Completed		Spruce Up - Bishop Auckland
Targeted Business Improvement Programme – Bishop Auckland		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Bishop Auckland Pop up retail Store opens Newgate Street Neighbourhood Retailing Programme- Proudfoot Drive	Bishop Auckland FHSF - Property Conversion Programme commences	Neighbourhood Retailing Programme - Coundon	
Housing & Community	Targeted Delivery Plans for Coundon Grange and Thickley Former King James redevelopment commences AAP Area Programme launched			
Environment & Health			Bishop Auckland - commence improvements to Public Realm	
Built Environment		Postchaise / Queens Head Hotel Redevelopment		
Transport & Connectivity	VMS infrastructure phase complete Bishop Auckland road junction capacity improvements	Kingsway Car Park improvement and extension	Commence new Bishop Auckland Bus Station and Car Park Enhanced walking and cycling linked to Stockton and Darlington Railway	Bishop Auckland Future High School Future - Junction improvement Programme Commences

		200 th Commence new Bishop Auckland bus station and car Park	
Future Years Towns and Villages Programme			
Theme	2022/23	2023/24	
Strategic Investments	Town Centre Vibrancy - Bishop Auckland Food Festival	Town Centre Vibrancy - Bishop Auckland Food Festival	
Housing & Community	Douglas Crescent Housing Development Canney Hill Community Housing Scheme Housing Developments – Etherley Lane, Howard Close - Bishop Auckland Housing Development Davis Avenue – West Auckland		
Environment & Health	Deer Park Improvements	Walking and Cycling Route Improvement	
Built Environment	Binchester improvement / education space		
Transport & Connectivity		Bishop Auckland Future High Street Fund - New Bus Station / Multi Storey Car Park Complete	
Aligned Activity / Investment			
Heritage Action Zone Programme £1.6 million 2018-2023		Tindale Crescent Retail / Leisure developments	
Future High Street Programme £28 million 2021-2024		Believe Housing Development – Woodhouse Close	
Stronger towns Programme Bishop Auckland £49 million (Subject to Award) 2021-20		One Public Estate co-location and development opportunities – Woodhouse Close	
Leisure Transformation Programme – New Leisure Facilities – Bishop Auckland		Selective Licensing – Sunnydale, Toronto, Coundon, Coundon Grange, Thickley, Woodhouse Close, West Auckland, Newfield	

Chester-le-Street Area Action Partnership

Current Investment Total: £20 million

Consultation: Support for retailers and businesses, improve the public realm, address local connectivity and address traffic and parking issues.

Recent Investments

Market Place / Flood Protection scheme		Spruce up Programme Grange Villa
Targeted Business Improvement Programme		C.A.T. Scheme Grange Villa
Sacrison Neighbourhood Retail Programme		A167 Cycle improvements
Graham Court Sacrison – Housing Development - ongoing		Village Inn Sacrison - Demolition
Spruce up Programme - Pelton		Durham Villages Housing Development Chester-le- Street, Gibside

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Digital High Street – Chester-le-Street wifi Installation Digital Retailing Programme		Neighbourhood Retail Programme Sacrison	
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			

Built environment			Streetscape Improvements – Market Place / North Blunts Sacriston - former Co-op building improvements	Scope opportunities for development – Stella Gill Fertiliser Shed
Transport & connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			
Future Years Towns and Villages Programme				
Theme	2022/23	2023/24		
Strategic	To identify opportunities to support for town and neighbourhood centres;			
Investments	link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities.			
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			
Aligned Activity / Investment				
Leisure Transformation Programme – New leisure facilities.				
Tackling empty properties – concentrations at Chester-le-Street, Sacriston, Pelton, Ouston, Grange Villa, Great Lumley.				
Selective Licensing to regulate private landlords – Grange Villa, Chester central and west, Pelton Fell and Pelton North				

Derwent Valley Area Action Partnership

Current Investment Total: £6.8 million

Consultation Priorities: Improved connectivity through public transport, walking and cycling; investment in community facilities; the need to ensure well designed and used public spaces.

Recent Investments

Consett - Middle Street Streetscape Improvements		Spruce Up – Consett
Durham Villages Housing Development - Dipton		Spruce Up - Burnopfield
Targeted Business Improvement Programme- Consett		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments			Neighbourhood Retail Improvements Blackhill	Wifi scheme Design - Consett
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built environment			Consett Streetscape Improvement's	
Transport & connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			



Future Years Towns and Villages Programme			
Theme	2022/23	2023/24	
Strategic Investments	Digital High Street – Town centre wifi Digital Retail Skills Programme		
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.		
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities		
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.		
Transport & connectivity	Identify opportunities to ensure connected communities through excellent connectivity.		
Aligned Activity / Investment			
Selective Licensing to regulate private landlords – Consett south, Consett west, Leadgate central, Leadgate north, Moorside west			
Tackling empty properties – concentrations at Consett, Delves Lane, Burnopfield, Medomsley and the Grove.			



Durham Area Action Partnership

Current Investment Total: £265 million

Consultation Priorities: Improved connectivity through public transport, walking and cycling, improved opportunities for healthy living, address litter, fly tipping and anti-social Behaviour.

Recent Investments

Durham Villages Regeneration – Housing Development Sherburn Hill		Spruce up Gilesgate
Sherburn Hill community facilities		Spruce Up – Sherburn Hill
Dragonville Retail Development		Targeted Business Improvement Programme
Shared Retail Space – Prince Bishops		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Neighbourhood Retail Improvements Gilesgate		Digital High Street City Centre wifi	Neighbourhood Retail improvements at Framwellgate
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & connectivity		Elvet Bridge Improvement's completed		

Future Years Towns and Villages Programme		
Theme	2022/23	2023/24
Strategic Investments	To identify opportunities to support for town and neighbourhood centres; link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities.	
Housing & Community	Community Housing scheme	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built Environment	Millennium Place Improvements	
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.	
Aligned Activity / Investment		
DCC Head Quarters Development		
North Road Bus Station Redevelopment (£9 million)		
Aykley Heads Development plot C (£12 million)		
Park and Ride Extensions - including a new proposal for Stonebridge		
History Centre		
New Elvet Bridge		
Selective Licensing to regulate private landlords - Bearpark		
Article 4 directions – requiring that is required to convert a family home into an HMO.		
Tackling empty properties – concentrations at Belmont, Durham City, Framwellgate Moor, Gilesgate, Newton Hall, Pity Me, Sherburn Road, Sherburn Village, Sherburn Hill and West Rainton.		



East Durham Area Action Partnership

Current Investment Total: £219 million

Consultation Priorities; Addressing incidences of litter, fly tipping and anti-social behaviour, improved connectivity through public transport, walking and cycling, meeting community's housing needs and ensuring public realm improvements.

Recent Investments

Dalton Park Phase 2 Retail Store		Neighbourhood Retail Investments - Murton
Peterlee Retail Park		Car Park refurbishment - Seaham
Replacement Aldi Store – Peterlee		Horden Rail Station
Durham Villages Regeneration, housing Scheme s Peterlee and Seaham		Believe Housing Development programme Peterlee & Seaham
Chapter Homes – Peterlee development		Strategic employment site – Jade Business Park

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Town Centre wifi installation – Seaham Digital Retail Training Programme	Neighbourhood Retail Programme - Blackhall	Neighbourhood Retail Programme Murton & Easington Colliery	Neighbourhood Retail Programme Station town, Haswell Plough & Thornley
Housing & Community	Targeted Delivery Plans for Blackhall Colliery South and Deneside East AAP Area Programme launched			
Environment & Health			Pocket Park development Easington Colliery	
Built environment	Demolition of former Easington Colliery School			

Transport & connectivity		Easington Village Parking and Circulation		Parkside Traffic Improvement Scheme
		Improvements		
Future Years Towns and Villages Programme				
Theme	2022/23		2023/24	
Strategic Investments	Seaham Food Festival			
Housing & Community	Seaham Community Housing Scheme			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Walking and cycling improvements south of Pesspool Wood to Wingate		Improve Murton / Dalton Park link	
Aligned Activity / Investment				
Seaham Townscape Heritage Programme				
Seascapes Programme				
Leisure Transformation – New Leisure Facilities Seaham				
A19 Junction Improvements South of Seaham				
Selective Licensing to regulate private landlords – Blackhall Colliery, Dawdon, Easington Colliery, Horden, Station Town, Wheatley Hill, Murton, Blackhall Rocks, South Hetton, Haswell, Acre Rigg, Dalton-le-Dale, Dene House East, Murton, South Hetton, Shotton East, Seaham Harbour South, Passfield East, Eden Hill, Howlatch.				
Tackling empty properties – concentrations at Blackhall, Blackhall Colliery, Easington Colliery, Haswell, Horden, Peterlee, Murton, Seaham, Shotton, South Hetton, Station Town, Thornley, Wheatley Hill.				

East Durham Rural Area Action Partnership

Current Investment Total: £29 million

Consultation Priorities: Address litter, fly tipping and anti-social behaviour; improved connectivity through public transport, walking and cycling and meeting the community housing needs including bungalows.

Recent Investments

Durham villages Regeneration – Housing schemes Bowburn		Strategic employment opportunities at Integra 61 development and significant investment at NetPark
Believe Housing Investments Bowburn		Spruce Up -Deaf Hill / Trimdon Grange
Keepmoat Housing Development - Coxhoe		Spruce up - Fishburn

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments		Neighbourhood Retail Improvements Bowburn		
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme

Theme	2022/23	2023/24
Strategic Investments	Neighbourhood Retail Programmes – Station Town, Thornley, Trimdon	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	

Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	
Transport & Connectivity	East Durham Rural Corridor at Trimdon link to Coxhoe	
Aligned Activity / Investment		
Livin Development Programme - Sedgfield		
Sedgfield Sports investment Programme		
Selective Licensing to regulate private landlords - Deaf Hill, Kelloe and Trimdon South		
Tackling empty properties concentrations at - Fishburn, Kelloe, Quarrington Hill		

Great Aycliffe and Middridge Area Action Partnership

Current Investment Total: £18.3 million

Consultation Priorities: Meet community housing needs, improved connectivity through public transport, walking and cycling and town centre improvements, tackling problem buildings.

Recent Investments

Durham Villages Regeneration Housing Scheme Cobblers Hall		Merchant Park – Aycliffe Business Park
Chapter Homes Development Cobblers Hall		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments			Neighbourhood Retail Improvements Silverdale Place	
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme

Theme	2022/23	2023/24
Strategic Investments	Wifi Scheme Design	Town Centre wifi installation Digital Retail Skills Training
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built Environment	Tackling problem and vulnerable buildings including Elmfield school, Horndale Club and Southern Club.	

Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.
Aligned Activity / Investment	
Freshwater – Newton Aycliffe Redevelopment Programme	
Livin Housing Investment Programme	
Copelaw strategic housing site	
Selective Licensing to regulate private landlords – Newton Aycliffe, Woodham, Middridge	
Tackling empty homes – concentrations in Newton Aycliffe and Woodham	



Mid Durham Area Action Partnership

Current Investment Total £38.7 million

Consultation Priorities: Improved connectivity through public transport, walking, cycling and broadband connectivity; public realm improvements; and repurposing vacant commercial properties.

Recent Investments

Targeted Business Improvement Programme Lanchester, Langley Moor and Ushaw Moor	Spruce Up - Ushaw Moor
	Spruce Up – Esh Winning

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Neighbourhood Retail Improvements Esh Winning			Neighbourhood Retail Improvements Ushaw Moor
Housing & Community	AAP Area Programme launched			Esh Winning The Oaks Development commences
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme

Theme	2022/23	2023/24
Strategic Investments	Neighbourhood Retail Improvements New Brancepeth & Brandon	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	

Transport & connectivity	Identify opportunities to ensure connected communities through excellent connectivity.
Aligned Activity / Investment	
Karbon – Housing Development Programme	
Selective licensing to regulate private landlords at Waterhouses, Esh Winning and Ushaw Moor east.	
Tackling empty properties, concentrations in Brandon, Esh Winning Langley Park, New Brancepeth and Castleside.	



Spennymoor Area Action Partnership

Current Investment Total: £21 million

Consultation Priorities: Improved opportunities for healthy living, improve public realm, town centre and neighbourhood parades, litter, fly tipping and anti-social behaviour.

Recent Investments

Durham Villages Regeneration- Housing Development -Middlestone Moor		HIF Scheme Junction Improvements
Spruce Up – Middlestone Moor		Targeted Business Improvement Programme
Spruce Up – Low Spennymoor / Tudhoe		Property Reuse Fund C.A.T. Scheme Spennymoor Central

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments				Wifi Scheme Design – Spennymoor Festival Walk Redevelopment Complete
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built Environment		The North Eastern Refurbishment Complete		Market Place Improvement Programme complete
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme		
Theme	2022/23	2023/24
Strategic Investments	Spennymoor Town Centre wifi Digital Retail Skills Programme	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.	
Aligned Activity / Investment		
Livin Housing Investment Programme		
Livin King William Grange redevelopment		
Tackling empty properties with particular concentrations in – Spennymoor, Kirk Merrington and Croxdale.		
Selective licensing to regulate private landlords at Spennymoor and Middlestone Moor.		



Stanley Area Action Partnership

Current Investment Total: £10.4 million

Consultation Priorities: Improved connectivity through public transport, walking, cycling and broadband connectivity; support for retailers and businesses; and issues of traffic and parking.

Recent Investments

Targeted Business Improvement Programme		Aldi Store
Stanley Streetscape Works		Clifford Road Redevelopment – Home Bargains / McDonalds
Town Centre wifi		Spruce Up – Annfield Plain
Retail Business Training		Spruce Up - Shield Row

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	South Stanley Neighbourhood Retail Programme	Annfield Plain Neighbourhood Retail Programme		
Housing & Community	Targeted Delivery Plans for Stanley Hall West and New Kyo AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built Environment			Agnes Street Retail Development Scheme Improve key problem sites and vulnerable properties	

Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.	
Future Years Towns and Villages Programme		
Theme	2022/23	2023/24
Strategic Investments	Ritson Street Retail Development Agnes St Retail Development	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience.	
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.	
Built environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.	
Transport & connectivity	Identify opportunities to ensure connected communities through excellent connectivity.	
Aligned Activity / Investment		
Selective licensing to regulate private landlords – New Kyo, South Moor, Annfield Plain, Craghead, Stanley Hall		
Tackling empty properties – concentrations in Annfield Plan, South Moor, Stanley, Tantobie, Quaking Houses		



Teesdale Area Action Partnership

Current Investment Total: £1.3 million

Consultation Priorities: Improved connectivity through public transport, walking, cycling and broadband connectivity; meeting community's housing needs; and issues of traffic and parking.

Recent Investments

Targeted Business Improvements – Barnard Castle		Spruce Up – Barnard Castle
Neighbourhood Retail Improvements - Mickleton		Spruce Up – Cockfield
		Neighbourhood Retail Improvements – Middleton-in-Teesdale

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	Barnard Castle wifi installation Digital Retail Training			
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities			
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity.			

Future Years Towns and Villages Programme

Theme	2022/23	2023/24
Strategic Investments	Staindrop Neighbourhood Retailing Programme	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience. With particular attention to the needs of rural communities.	

Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience. With particular attention to the needs of rural communities.
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities. With particular attention to the needs of rural communities.
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP. With particular attention to the needs of rural communities.
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity. With particular attention to the needs of rural communities.
Aligned Activity / Investment	
Raby Castle Investment Programme	
Staindrop Retail development programme	
Tackling empty properties with particular concentrations in Barnard Castle, Butterknowle, Cockfield, Evenwood, Gainford, Middleton-in-Teesdale, Staindrop and Winston.	



Weardale Area Action Partnership

Current Investment Total: £2.9 million

Consultation Priorities Improved connectivity through public transport, walking, cycling and broadband connectivity; investment in community facilities; well-designed public spaces; and support for retailers and businesses.

Recent Investments

Spruce up - Wolsingham		Wolsingham Skate Park development
Targeted Business Improvements		Electric Vehicle infrastructure
Weardale Railway infrastructure		

Town and Village Programme 2021/22

Theme	Q1	Q2	Q3	Q4
Strategic Investments	To identify opportunities to support for town and neighbourhood centres; link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities.			
Housing & Community	AAP Area Programme launched			
Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities.			
Built environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP.			
Transport & connectivity		Audit of opportunities along the Weardale Way		

Future Years Towns and Villages Programme

Theme	2022/23	2023/24
Strategic Investments	To identify opportunities to support for town and neighbourhood centres; link with Partner and wider investments to maximise outcomes; and to maximise integration between council activity and communities. With particular attention to the needs of rural communities.	
Housing & Community	Identify opportunities for meeting the communities housing needs and improving community resilience. With particular attention to the needs of rural communities.	

Environment & Health	Identify opportunities for addressing climate change emergency and building community resilience and health and well-being of our communities. With particular attention to the needs of rural communities.
Built Environment	Identify opportunities to drive and support regeneration activities within towns and villages across the AAP. With particular attention to the needs of rural communities.
Transport & Connectivity	Identify opportunities to ensure connected communities through excellent connectivity. With particular attention to the needs of rural communities.
Aligned Activity / Investment	
Weardale Railway	
Tackling empty properties with particular concentrations in Cowhill, Frosterley, Ireshopeburn, Rookhope, St John's Chapel and Stanhope.	



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Equality Impact Assessment

2021

Altogether better



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	Development and Housing
Lead Officer	Graham Wood
Title	Economic Development Manager
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	10 February 2021
Start Date	21 July 2020, updated January 2021
Review Date	August 2021

Subject of the Impact Assessment

Towns and Villages Investment Plan – a refocused approach to regeneration

On 12 December 2018, Cabinet agreed an initial report that sought to address the issues that had been identified by local communities as most important to them. The issues ranged from the need to support local retail to problems with vacant buildings and land, the condition of the environment and the impact of private landlords and empty properties, with a range of pilot activity commenced to address some of these immediate priorities. The report acknowledged that the Towns and Villages programme should be aligned to existing regeneration activity, assist in accelerating the delivery of projects and tackle issues which were prioritised by communities.

This integrated approach to regeneration has led to a current operational investment programme of more than £750 million covering Town Centres, Employment, Transport infrastructure and Housing investment schemes across the County. Following this success, on 14 October 2020 the County Durham Towns and Villages Strategy was agreed together with a further £20million commitment. This is to provide the opportunity to enable the accelerated delivery of council strategies and priorities through a greater understanding of both the needs and opportunities that exist within our communities. This will be evidence led using a consistent people based evidence base; to align both Council and partner activity in what is planned; to realign activity to ensure that it meets the specific needs of the communities and

then use allocated funding to strengthen and maximise the outcomes particularly related to community resilience and increasing confidence in our most disadvantaged areas.

The Towns and Villages Strategy provides a mechanism for accelerating the delivery of established priorities and themes as set out with strategies such as the Council Vision and Housing Strategy and provides a particular focus on those areas of the county which are the most deprived. It also enables us to help address the Climate Change Emergency and respond to the impacts from the COVID 19 pandemic by supporting the County's recover and build long term resilience. In particular, the need to develop and strengthen community capacity and resilience going forward is a clear priority in ensuring a strong economic and healthy future.

The Coronavirus pandemic (COVID19), is one of the most profound challenges society has faced in more than a generation, has occurred and we now need to anticipate how society will be affected. During the pandemic the council has worked with national, regional and local partners to protect our communities. We will continue to support those most affected, through a refocused approach to place based regeneration. Addressing the inequalities our residents may face as a result of the discriminatory way COVID19 has affected some of our most vulnerable in going to have firm foundations in our communities: ensuring our residents have the right support at the right time within thriving neighbourhoods.

In order to ensure that focus is directed to the regeneration areas where the biggest impacts are possible, an evidence base has been developed which considers a range of indicators including, employment, housing, health and crime with data considered for all of our communities at the Middle Super Output Area (MSOA). Whilst the Towns and Villages programme will be focused on the most deprived areas, there is a recognition that there will be opportunities to improve all towns and villages across the county. An allocation of funding amounting to £300,000 will therefore be made available via each of the 14 AAPs to deliver localised environmental enhancements, improvements to connectivity and to ensure community resilience

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

The general public will be consulted upon individual projects as appropriate.

Projects included within the Investment Plan will be identified across council services and other Partners in line with Towns and Villages Strategy.
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Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?
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Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	?	?
Disability	?	?
Marriage and civil partnership (workplace only)	?	?
Pregnancy and maternity	?	?
Race (ethnicity)	?	?
Religion or Belief	?	?
Sex (gender)	?	?
Sexual orientation	?	?
Transgender	?	?

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

We will continue to support those most affected, through a refocused approach to place based regeneration. Addressing the inequalities some residents may face as a result of the disproportionate impact COVID19 on different protected groups is going to have firm foundations in our approach: ensuring our residents have the right support at the right time within thriving neighbourhoods. It is uncertain to predict specific impacts on protected characteristics at this stage although negative impact is not anticipated and positive impacts will become apparent as individual projects begin to materialise.

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

The Investment Plan is in conformity with the Towns and Villages Strategy which aims to advance equality of opportunity. In order to improve the economic and social wellbeing and health of our people, there is a robust and credible evidence base to develop our thinking from. There is a well-developed health gap between more affluent areas and the more deprived areas. Refocusing our approach to regeneration and service delivery can help to address these inequalities and reduce this unacceptable gap. By creating and providing safe, thriving and resilient communities with good quality housing and environments, good schools and access to more and better jobs opportunities all serve to improve the health and well-being of our people. Although beneficial to all,

positive impact of this investment plan is more likely in terms of disability, age (younger and older), ethnic minorities and sex (women and men). Tackling inequalities and applying this premise to our place base approach will improve outcomes for our towns and villages.

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.

An evidence base has been developed which considers a range of indicators including, employment, housing, health and crime with data considered for all of our communities at the Middle Super Output Area (MSOA). There are 66 MSOAs in County Durham and in developing the evidence base, the council has identified the MSOAs to focus on and the issues to tackle in each area.

The MSOAs that perform worst against the ten indices are: Horden; Shildon; Easington Colliery South and Eden Hill; Annfield Plain South and South Moor; Blackhalls; Bishop Auckland and South Church; Thornley, Deaf Hill and Wheatley Hill; Shotton Colliery; Spennymoor – Green Lane and Dean Bank; Coundon and Willington South; Dalton-le-Dale and Deneside; Newton Aycliffe Central; Cornforth and Ferryhill; Easington Colliery North; Henknowle and Woodhouse Close; and Craghead and South Stanley.

This place-based evidence at a MSOA level combined with population management data the council has developed with the NHS during the COVID19 response, enables us to understand aspects of people's lives and the most vulnerable in our communities. Focusing on more targeted interventions to reduce these inequality gaps allows us to be more efficient with our resources, combine partner activity, empower people to utilise the assets and opportunities by effectively directing regeneration efforts to the areas where it is most needed and being proactive with support at an earlier point to prevent the escalation of need.

Engagement Update (November 2020)

Between 20 October and 12 November 2020 14 Action Area Partnership (AAP) events were held. Area Action Partnerships (AAP's) include local elected members, members of the voluntary and community sector, business and the public. Sessions were generally positive with lots of suggestions being put forward. There were 626 attendees across the 14 partnerships. Events were held virtually (due to Covid) and a chat function was used for comments / questions.

Feedback included themes that were relevant to issues of equality and protected characteristics, specifically age, disability, pregnancy and maternity and sex. These were:

- a need for support for retailers and businesses which would especially benefit those who relied more on local services such as older persons, younger people, people with disabilities and young mothers;
- ensure good quality of design of our places and spaces which would be particularly relevant to the protected characteristics of older persons, people with disabilities, pregnancy and maternity and sex (women) who may feel more able to use places and spaces due to better design and accessibility.
- meeting the community's housing needs especially around bungalows and specialist accommodation, which would be particularly relevant the housing needs of older persons and including people with disabilities.
- Homes for veterans, which would be relevant to the protected characteristics of age and disability
- the identification of improved opportunities for healthy living which would especially relevant to and benefit those with the protected characteristics of disability, age, pregnancy and maternity and sex (women); who may be in more need of improved opportunities for healthy living or face barriers to opportunities for healthy living.
- improved connectivity through public transport, walk cycling and broadband connectivity, which would be particularly relevant to older persons and younger people who are more likely to rely on public transport;
- traffic and parking which would also be relevant to people with the protected characteristic of disability regarding disabled parking provision.
- investment in community facilities, which would be especially relevant to the protected characteristics of age (older persons, younger persons), people with disabilities, pregnancy and maternity, who may be more likely to benefit from community facilities.

The feedback was then considered by each of the AAP Boards and out of the suggestions put forwards, priorities for the AAPs were shared. This engagement has helped to shape many of the priorities for Towns and Villages based around the five themes: strategic investments; housing and community; environment and health; built environment and transport and connectivity. The priorities put forward were wide ranging and reflected the challenges within those areas including issues of rurality or deprivation. This engagement will continue as part of the further development of the Towns and Villages investment proposals and will be reflected in further updates to Cabinet.

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?	Equality analysis will be undertaken for individual projects
No evidence of actual or potential impact on some/all of the protected characteristics?	

Sign off

Lead officer sign off: Spatial Policy Team Leader	Date:12/01/21
Service equality representative sign off: Equality and Diversity Officer	Date: 12/01/21

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**10 February 2021****Medium Term Financial Plan 2021/22 to 2024/25
and Revenue and Capital Budget 2021/22****Key Decision: CORP/R/20/02**

Report of Corporate Management Team**Paul Darby, Interim Corporate Director of Resources****Councillor Alan Napier, Cabinet Portfolio Holder for Finance****Electoral division(s) affected:**

Countywide

Purpose of the Report

- 1 To provide comprehensive financial information to enable Cabinet to agree the 2021/22 balanced revenue budget, details of significant investments in key front line services, an outline Medium Term Financial Plan MTFP(11) 2021/22 to 2024/25 and a fully funded capital programme.

Executive Summary**The Spending Round**

- 2 The background and context to the 2021/22 budget and MTFP is important in setting out the approach to the planning assumptions that have been made in this report. Local government operated in a period of austerity between 2010/11 and 2019/20, during which time a combination of government funding cuts and unfunded increased cost pressures resulted in very difficult decisions being required year on year to set a balanced budget. The cumulative impacts of these issues have made it harder and harder to continue to protect front line service delivery.
- 3 Since that time, although limited additional funding has been provided, unfunded budget pressures continue to intensify. More importantly however, there is significant uncertainty over future funding settlements due to the further delays in the Comprehensive Spending Review and over the implementation of the Fair Funding Review, alongside the unquantified impact of the UK exit from the European Union.

- 4 During 2020 the council has also faced the significant financial impact of the coronavirus pandemic. The immediate impact during 2020/21 has been substantial, whilst the longer-term impact is more difficult to gauge at this time – however the pandemic adds further uncertainty to the council’s financial position over the medium term.
- 5 Originally, the Government had planned to have a multi-year settlement for local government and to implement the fair funding review from 2020/21. This however was delayed by Brexit and the 2019 General Election which resulted in a one year settlement being received in the current year, with a multi year settlement and the introduction of the fair funding review expected for 2021/22. The impact of the coronavirus pandemic however has resulted in a further one-year Spending Round and a subsequent further delay to the Comprehensive Spending Review and the Fair Funding Review implementation. This ongoing delay makes future planning extremely uncertain and it is important that the cabinet and council are aware of this uncertainty when making budget decisions.
- 6 The Chancellor of the Exchequer faces significant challenges to seek to ensure the country’s finances recover from the impact of the pandemic. It is presently forecast that the national deficit in 2020/21 will be £390 billion. The Chancellors Red Book forecasts, published as part of the one-year Spending Round in late 2020, identified that the country will still have a national deficit of £100 billion in 2024/25. As a comparison, at the peak of the 2008 financial crisis, the national annual deficit peaked at £170 billion, which resulted in a number of years of public spending restraint and ten years of austerity for local government.
- 7 Given the uncertainty over the Spending Review and in light of the level of national debt, there is significant concern that local government funding could continue to be reduced from 2022/23 onwards. This risk is further heightened when consideration is given to the additional funding increases and protections provided to Health, Education and Defence in future years – as set out in the Government’s Red Book.
- 8 In light of this, MTFP(11) forecasts therefore assume a prudent assessment of further reductions in local government funding from 2022/23 onwards.
- 9 For 2021/22, the local government provisional settlement has provided some time limited additional financial resources for core budget pressures - albeit there is no certainty of future funding levels beyond 2021/22.
- 10 The government’s own analysis of the Spending Round announcements highlights that the majority of the £2.2 billion or 4.5% national increase in Core Spending Power for local authorities is expected to be generated by a 4.99% increase in council tax in 2021/22 for upper tier councils.
- 11 The assumed 4.99% council tax increase includes a 1.99% Referendum Limit increase for council tax and a 3% increase for Adult Social Care precept. Local authorities can however phase the increase in the 3% Adult

- Social Care precept over the 2021/22 and 2022/23 financial years. It is unlikely therefore, that there will actually be a 4.5% increase in Core Spending Power for local government in 2021/22 as not all authorities will take advantage of the full 4.99% council tax flexibility next financial year.
- 12 After taking into account inflationary increases in business rates and Top Up grants, the net increase in core government funding to local government nationally is £130 million, which represents only a 0.3% increase in national Core Spending Power for local government.
 - 13 The council has long argued that additional government funding should be provided nationally which enables service need and deprivation alongside tax raising capacity to be taken properly into account when apportioning funding. Funding a higher proportion of local government spending through council tax increases results in disproportionate and unfair increases in resources and spending power in one area compared to the next. Councils in more affluent areas receive higher than average Core Spending Power increases whilst those councils in more deprived areas receive a lower than average increase in their Core Spending Power, with need and spending pressures often being the opposite.
 - 14 The government has also published details of spending power 'per dwelling' for all local authorities, which shows that Durham is now £180 (c9%) less than the England average. If Durham's Core Spending Power was brought up to the England authority average of £2,068 per dwelling, the council would annually receive additional government grant of £45 million.
 - 15 As part of the provisional local government finance settlement the council will receive a 2021/22 £15.6 million grant to support ongoing costs associated with the pandemic next year. The current Income Guarantee Scheme will also continue for three further months from April to June 2021. It is not possible at this stage however to determine whether the short-term funding that has been provided will be enough as this is ultimately dependent on the duration of the pandemic and the consequential impact on the council's income and expenditure. This adds to the uncertainty across the MTFP(11) planning period.
 - 16 The council will also receive a one off £7 million Local Council Tax support grant in 2021/22. It is proposed to continue with the £300 council tax hardship support scheme the council introduced for 2020/21 for a further year, at a forecast cost of circa £5.5 million. It is also proposed that the residual £1.5 million is invested in welfare support schemes, with a significant proportion of this (c£1.4 million) being allocated to Area Action Partnerships (£100,000 per AAP) to implement local schemes to complement and enhance actions being taken as part of the Poverty Action Plan.

Additional Investments

- 17 The council has managed its finances extremely effectively since 2010 and as a result remains in a position to continue the short term investment programme that was agreed for 2020/21 into the 2021/22 financial year.
- 18 The proposed budget includes the continuation of £10 million of additional short-term investments across a number of key front line service areas, as summarised below, bringing the additional investment committed in these areas to £20 million over 2020/21 and 2021/22, with any underspending in 2020/21 due to the impact of the pandemic being carried forward to augment the 2021/22 budget allocation. The 2021/22 budget will include the following investments:
- (a) £2.5 million of investment in highways – including additional investment in street lighting, measures to tackle backlog maintenance and pothole repairs, additional gully cleansing and drainage inspections and further investment in improving road markings;
 - (b) £0.5 million of investment to support the development of new social housing;
 - (c) £2.0 million of additional investment in Clean and Green and other Neighbourhood Initiatives. This investment will include Neighbourhood “Find and Fix” environmental teams, complementing “Operation Spruce Up” and responding rapidly to neighbourhood blight and environmental concerns;
 - (d) £1.5 million of additional investment to support the council’s approach to tackling climate change, which will assist in leveraging in additional national funding and will provide a platform for attracting further local investment from partners and other agencies. This additional funding builds on the council’s ongoing resource commitments that are set out in the climate change plans that have been considered by cabinet and council;
 - (e) £1.5 million of additional investment in Welfare Assistance and Discretionary Housing Payments in support of the Poverty Action Plan - which those most in need rely on, whilst also investing in support for the long term unemployed to help them into work. Further investment will also be made in supporting activities with food during school holidays and supporting investment in foodbanks where this is required;
 - (f) £1.0 million of additional investment in library and leisure services, to improve access and the digital offer in particular within these services;
 - (g) £1.0 million of additional investment in Children and Young People’s Services, funding a range of initiatives to support engagement and partnership working with young people and to improve quality.

Additional Investment – Town and Villages

- 19 The 2021/22 budget also commits an additional £5 million for Towns and Villages investment, which brings the total value of funding committed for this local investment to £25 million, of which £4.2 million (£300,000 each) will be allocated to local Area Action Partnerships in support of local schemes to enhance Towns and Villages across the county based on local priorities.
- 20 This will complement the existing range of investments under this ambitious programme of interventions.

Local Government Finance Settlement

- 21 The financial outlook for the council will continue to be extremely uncertain until the Comprehensive Spending Review and the Fair Funding Review are concluded and the long term impact of the pandemic and of the UK exit from the European Union and associated impacts arising from the Trade Deal are fully understood.
- 22 It is unlikely however that there will be clarity in any of these areas until well into 2021/22, most likely the autumn of 2021 at the earliest. This continues to make accurate medium term financial planning extremely difficult.
- 23 The Fair Funding Review, which was originally scheduled for implementation from April 2020 alongside a move to 75% Business Rates Retention (BRR) has been delayed until at least 2022/23.
- 24 There is currently no certainty in terms of the quantum of funding available to local government from 2022/23 onwards, nor how this funding will be apportioned between authorities. It is clear however that there are significant risks to the council's funding depending on the principles that are ultimately agreed for fair funding distribution and how any move to 75% BRR is implemented.
- 25 The council is also likely to face further cost pressures in the future which historically have not been fully funded by government in areas such as children's social care.
- 26 Indications from the ongoing Fair Funding Review discussions are that the government is still considering the adoption of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant. This is a significant financial risk that members will be aware of from previous reports, with the council forecast to lose more Public Health funding than any other authority in the country - a forecast loss of £18 million (circa 35%). The ACRA formula results in a significant shift in Public Health funding from deprived areas to more affluent areas and does not recognise the fact that this investment was based on local funding decisions by the former Primary Care Trusts based on specific public health needs within County Durham.

- 27 The impact of the coronavirus pandemic has further illustrated the enormous health inequalities across the country. Any reduction in Public Health funding for the county at this point would be counter to the demands, pressures and issues we face in terms of closing these inequality gaps.
- 28 It is considered likely at this stage that any variance in government grant allocations arising from the long-term Comprehensive Spending Review will be fully implemented across the last three years of the current parliament. It has also been assumed that the impact of the Fair Funding Review will be implemented across a five-year transition period, running into the next parliament, although this will not be clarified until final decisions are made on the implementation of the review outcomes.
- 29 Given the extent of risk associated with the loss of public health funding and assumed losses of government funding arising from the Fair Funding Review, government funding reductions are included in MTFP(11) planning from 2022/23 onwards.
- 30 The provisional Local Government Finance Settlement was announced on 17 December 2020 and confirmed an increase in the Social Care Grant for 2021/22 of £5.2 million from £17.7 million to £22.9 million. It is assumed in MTFP(11) planning that this funding is recurrent.
- 31 Unfortunately, the £300 million national increase in the Social Care Grant has been part financed by a £150 million reduction in the New Homes Bonus. It is apparent therefore that the additional £300 million is not all new money, with the council losing £3.1 million of New Homes Bonus in 2021/22 as this funding regime is drawn to a close.
- 32 The government has also utilised a reduction of £285 million nationally in the New Homes Bonus to create a new 'Lower Services Tier Grant' of £111 million. The council will receive £0.7 million from this new grant. This grant includes a 'floor' element which ensures that no authority has a negative Core Spending Power position for 2021/22. This has resulted in a top slice from this grant of £25 million and all of the £25 million has been distributed to district councils who were the major beneficiaries from New Homes Bonus and all of whom have been significantly impacted by its reduction.
- 33 The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant (HNDSG) budget which provides support to children with special needs. Additional funding of £8.5 million has been provided for 2021/22, which will help to meet current overspend in this budget area. This funding was announced last year and the Government have honoured that previous commitment.
- 34 The settlement has confirmed that the government continues to reimburse authorities who would otherwise experience negative Revenue Support Grant (RSG). The total national reimbursement is £153 million. Negative RSG occurs where government funding cuts reach a point where some local authorities, who have relatively high tax bases, no longer receive any

RSG. Ordinarily these authorities would have their business rate tariff increased which ensures all authorities experience a similar reduction or increase in Core Spending Power (CSP).

- 35 Whilst the financial settlement for the council has slightly improved for 2021/22, a clear focus remains to realise improvements in efficiency and to deliver value for money savings.
- 36 Savings of £5.4 million approved in MTFP(10) continue across the MTFP(11) period alongside an additional £2.4 million of new savings proposals that have been identified for inclusion in MTFP(11). This provides £7.8 million of budget support across MTFP(11) with £5.3 million of this sum available in 2021/22.
- 37 Although additional funding is available for 2021/22 the council still expects to face significant budget pressures across the MTFP(11) period, particularly in social care services. At this stage, taking account of the risks associated with the Fair Funding Review and the Comprehensive Spending Review, it is forecast that savings of £36 million in addition to those detailed in this report will be required across MTFP(11) with increases in business rates and council tax not expected to keep up with the scale of budget pressures faced.
- 38 The council will continue to plan on the basis of a requirement to identify future savings to ensure future years' budgets can be balanced.
- 39 In total, the £7.8 million of savings proposed for MTFP(11) period results in the council having saved £250 million since 2011/12, with £242 million being delivered by 31 March 2021. The forecast £36 million shortfall across the MTFP(11) period would result in total savings of up to 2024/25 of £286 million.

Capital Investment

- 40 During the significant period of austerity, the council has continued to prioritise investment in its assets through an ambitious and extensive capital programme. MTFP(11) contains further significant investment in the capital programme, with additional schemes totalling £88 million included, taking the forecast investment from 2020/21 to 2024/25 to £484 million.
- 41 The main additional investments in MTFP(11) relate to a further £13.1 million investment for Leisure taking total planned investment to date to £39.1 million. There is an initial £8 million investment in a forecast £34 million scheme to rebuild both Belmont Community Arts College and Belmont CE Primary on a shared campus. The MTFP(11) capital bids also include a further £5.8 million investment in the £13.1 million new build primary School in Spennymoor and the initial £4.5 million investment in new council housing, which is part of a forecast £12.5 million council investment to enable the construction of 500 new council houses over the next five years as part of the council's new Housing Revenue Account.

MTFP Savings and Council Tax

- 42 The council's MTFP strategy since 2010/11 has been to protect front line services as far as possible and the 2021/22 proposals are in line with this strategy both in terms of savings being realised and additional investments proposed. This report summarises how the main proposals are in line with the council's overall strategy and have been shaped by residents' and stakeholders' views with a high-level analysis of the equalities impact.
- 43 Detailed savings proposals are included in the report for the MTFP(11) period and are shown at Appendix 3
- 44 In the setting of council tax levels for 2021/22, careful consideration has been given to the significant future financial pressures facing the Council and the lack of information in relation to future financial settlements. Consideration has also been given to the Governments expectations and to the impact of increases in Council Tax on residents who themselves may be facing difficult circumstances.
- 45 The government has confirmed that the Council Tax referendum limit for 2021/22 will be 2%. The council also has the option to increase Council Tax by an additional 3% for an adult social care precept, which can be phased across 2021/22 and 2022/23, with the government-published Core Spending Power figures assuming all authorities utilise the ability to increase council tax by the maximum possible sum in 2021/22.
- 46 After considering the impact on the council's budget and on local Council Tax payers, the most financially vulnerable of which continue to be fully protected by our Local Council Tax Support Scheme, this report recommends a 1.99% increase in the Council's Band D Council Tax in 2021/22, which is below the 2% referendum limit. In addition, the report recommends a 1% increase to the Adult Social Care precept in 2021/22. The total increase will generate additional Council Tax income of around £7 million per annum. The total increase would result in a Band D increase of 95 pence a week and an increase of 63 pence a week for the majority of Council Tax payers in County Durham, who live in the lowest value properties (Band A).
- 47 Despite this very challenging financial period, the scale and sustained level of government spending cuts and the impact on the council's finances, this report includes some very positive outcomes for the people of County Durham including:
- (a) significant short term investment in a broad range of priority front line services – including significant local investment via the Area Action Partnerships who will each receive an additional £400,000 of grant to support local welfare / anti-poverty measures (£100,000) and investment in towns and villages (£300,000) based on local priorities;
 - (b) continued support to protect working age households in receipt of low incomes through the continuation of the existing Council Tax Reduction Scheme where they will continue to be entitled to up to

100% relief against their Council Tax payments and where those left with a bill will receive up to £300 of additional support next year;

- (c) ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people through the services we provide;
- (d) significant investment in capital expenditure including investment in leisure provision, in our town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £88 million is recommended in this report.

48 As outlined in previous MTFP reports, equality impact assessments are also summarised to inform the consultation and subsequent decision making. Workforce implications arising from proposals for 2021/22 savings have been analysed.

Recommendations

49 Detailed below are the recommendations being made by Cabinet to Full Council for approval:

(a) 2021/22 Revenue Budget

- (i) approve the identified base budget pressures included in paragraph 102;
- (ii) approve the short term investments included in paragraph 114;
- (iii) approve the continuation of the £300 council tax hardship scheme for 2021/22 to be financed from the one off £7 million Local Council Tax Support Grant;
- (iv) approve the savings plans detailed in Appendix 3;
- (v) note the governance arrangements in place to invest £0.3 million in each AAP from the Town and Villages reserve and the criteria in place for that investment;
- (vi) note the collection fund position for 2020/21 and approve that the 2020/21 £1.514 million collection fund surplus and the £0.514 million 2021/22 Local Tax Income Guarantee grant are utilised to support the MTFP(11) capital programme;
- (vii) approve a 1.99% 2021/22 Council Tax increase and a further 1% increase which relates to the Adult Social Care precept, making the total increase in Council Tax 2.99% next year;
- (viii) approve the 2021/22 Net Budget Requirement of £441.131 million;

- (ix) note the additional one-off funding support provided to finance the ongoing financial impact of the coronavirus pandemic and the need to monitor this position closely.

(b) MTFP(11)

- (i) agree the forecast MTFP(11) financial position;
- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director of Resources should continue to be authorised to establish such reserves as required to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet;
- (iii) aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £33 million;
- (iv) note the transfer of £5 million of earmarked reserves into the Town and Villages Reserve.

(c) Capital Budget

- (i) approve the revised 2020/21 Capital Budget of £139.511 million and the 2021/22 Capital Budget of £183.970 million;
- (ii) approve the Capital Strategy at Appendix 8;
- (iii) approve the additional capital schemes detailed at Appendix 9. These schemes will be financed from additional capital grants, from one off revenue funding and from prudential borrowing;
- (iv) note the option for the council to utilise capital receipts to finance severance costs utilising available flexibilities in this regard. The utilisation of such flexibility would require the approval of Cabinet;
- (v) approve the MTFP(11) Capital Budget of £484.464 million for 2020/21 to 2023/24 as detailed in Table 15.

(d) Savings Proposals

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

(e) Equality Impact Assessment

- (i) note the key equality impact analysis as summarised in this report and consider impacts of proposed savings on staff and residents.

(f) Pay Policy

- (i) approve the Pay Policy Statement at Appendix 10.

(g) Risk Assessment

- (i) note the risks to be managed over the MTFP(11) period.

(h) Dedicated Schools Grant

- (i) note the position on the Dedicated Schools Grant;
- (ii) approve the local formula for schools set out in Table 17 and authorise the Corporate Director of Resources to approve any amendments required following review by the DfE.

(i) Local Council Tax Support Grant

- (i) agree to continue with the current £300 Local Council Tax Support top up scheme in 2021/22;
- (ii) note the allocation of £1.4 million to AAP's from the Local Council Tax Support Grant in 2021/22 to invest in local anti-poverty and coronavirus response initiatives.

(j) Prudential Code, Treasury Management and Property Investment

- (i) agree the Prudential Indications and Limits for 2021/22 – 2024/25 contained within Appendix 12 of the report, including the Authorised Limit Prudential Indicator;
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 12 which sets out the council's policy on MRP;
- (iii) agree the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 12;
- (iv) agree the Cash Investment Strategy 2021/2 contained in the Treasury Management Strategy (Appendix 12 including the detailed criteria);
- (v) approve the Property Investment Strategy at Appendix 13.

Background

- 50 The council's budget and MTFP(11) is aligned to the council plan, which was agreed by County Council on 21 October 2020 setting out the council's strategic service priorities. The MTFP provides resources to allow the council to deliver its priorities and to respond to and recover from the impacts of the coronavirus pandemic.
- 51 Looking back to MTFP(1), the following drivers for the council's financial strategy were agreed by Cabinet on 28 June 2010, which still underpin the council's strategy in MTFP(11):
- (a) to set a balanced budget over the life of the MTFP whilst maintaining modest and sustainable increases in Council Tax;
 - (b) to fund agreed priorities, ensuring that service and financial planning is fully aligned with council plans;
 - (c) to deliver a programme of planned service reviews designed to keep reductions to front line service to a minimum. This approach is in line with the Transformation Programme;
 - (d) to strengthen the council's financial position so that it has sufficient reserves and balances to address any future risks and unforeseen events without jeopardising key services and delivery outcomes;
 - (e) to ensure the council can continue to demonstrate value for money in the delivery of its priorities.

Local Government Finance Settlement

- 52 The provisional Local Government Finance Settlement was published on 17 December 2020 with the Final Settlement expected to be published in early February 2021. The final settlement will confirm core grant allocations for 2021/22.
- 53 The council tax referendum limit for 2021/22 is 2%. The government has also confirmed that upper tier authorities can increase council tax by an additional 3% for an Adult Social Care precept in 2021/22. In total therefore council tax can be increased in 2021/22 by 5%, though the government have provided the flexibility locally for local authorities to phase the 3% Adult Social Care precept over 2021/22 and 2022/23.
- 54 The draft settlement includes details of core grants including RSG and Business Rates 'Top Up' Grant. The table below highlights the 2021/22 Settlement Funding Assessment (SFA), with comparisons given against the current year. It is important to note that the Business Rates figure below is a 'notional' figure published by the government.

Table 1 – 2021/22 Settlement Funding Assessment

Funding Stream	2020/21	2021/22	Variance	
	£m	£m	£m	%
Revenue Support Grant	28.071	28.226	0.155	0.55%
Retained Business Rates	54.521	54.521	0.000	0.00%
Top Up Grant	72.780	72.780	0.000	0.00%
SFA	155.372	155.527	0.155	0.10%

- 55 The council's SFA has increased by only 0.1% in 2021/22. Revenue Support Grant (RSG) has increased in line with the annual increase in the Consumer Price Index as at September 2020. The government has frozen any increase in business rates for 2021/22 and will reimburse councils for any consequential loss of business rates income. The council will receive the 0.55% Consumer Price Index increase which should have been receivable from business rates and Top Up Grant via Section 31 grants, which fall outside of the SFA set out above.
- 56 The council still awaits confirmation of the 2021/22 allocations for a number of specific grants, with specific grants totalling in excess of £130 million.

Analysis of Settlement

- 57 The provisional settlement, which included confirmation of additional funding for the High Needs Dedicated Schools Grant that was announced last year, is broadly in line with the forecasts the Council had built into the MTFP(11) model that was reported to Cabinet in October 2020. The main announcements are as exemplified below.

New Homes Bonus

- 58 The government announced in the 2019/20 local government finance settlement that the New Homes Bonus (NHB) was to be replaced with a revised approach to incentivising house building. At this stage there is no indication as to what this revised approach will be. To enable the withdrawal of NHB it was been announced that:
- (a) the additional NHB allocation the council receives for 2020/21 would be received in 2020/21 only i.e. it will not be payable over a four-year period in line with previous allocations;
 - (b) 2020/21 would be the last year for new NHB payments;
 - (c) the previous year's NHB allocations will continue to be payable in line with their four-year cycle after which NHB will no longer be payable.

59 As part of the 2021/22 local government provisional finance settlement the government has announced that there will be a further one-year payment of NHB for 2021/22. This payment will be for one year only. The forecast NHB payments for the council will therefore be as detailed in Table 2. The MTFP(11) model assumes that the sums detailed in Table 2 are received but at this stage no forecast is included for any possible replacement until such a time as the announcements in this regard are made.

Table 2 – New Homes Bonus Payments

Year	Amount	Year of Year Impact on Budget
	£m	£m
2021/22	4.476	(3.087)
2022/23	1.745	(2.731)
2023/24	0	(1.745)

Revenue Support Grant (RSG)

60 RSG has been increased in 2021/22 by 0.55%, in line with CPI. This increase of £0.155 million is only the second increase in RSG since 2009/10. The future of RSG will be dependent upon the outcome of the Fair Funding Review and the possible move to 75% Business Rate Retention from 2022/23.

Social Care Grant

61 The council received a £17.650 million grant in 2020/21 to assist with social care pressures. In terms of long term planning it was assumed that this funding would be retained recurrently and the grant has increased in 2021/22 to £22.888 million, an increase of £5.238 million year on year. The government has indicated this funding will be in place across the MTFP(11) period although no guarantee could be given in terms of apportionment beyond 2021/22.

High Needs Dedicated Schools Grant

62 The council will receive a significant increase in the HNDSG for 2021/22 of £8.455 million, a 14.8% year on year increase. This increase in funding is essential for this service area where a £1.913 million overspend was reported in the Quarter 2 Forecast of Outturn Report to Cabinet on 11 November 2020. Although the increase is greater than the forecast 2020/21 overspend, this budget area continues to face significant demand and cost pressures and will continue to be monitored closely. There is also a need to recover the accumulated deficit in terms of historic underfunding of HNDSG in previous years that resulted in overspending on High Needs, where the accumulated deficit is forecast to be £7.639 million at 31 March 2021.

- 63 The government have previously announced that the General Fund is no longer able to support the HNDSG, therefore it is imperative that this budget area is managed within the grant made available and that includes recovery of the deficit that has been accumulated in previous years.

One Off Coronavirus Funding

- 64 The government has identified additional one off funding streams for local government to support in addressing the financial impact of the coronavirus pandemic into next year. The following were announced as part of the settlement:
- (a) additional funding of £15.6 million to cover the costs the council will be required to continue to incur in 2021/22;
 - (b) the Income Guarantee Scheme for sales, fees and charges income will continue for the first three months of 2021/22. In this scheme the council must cover the first 5% of all income loss with the government then funding 75% of the residual lost income;
 - (c) funding via a Local Tax Income Guarantee scheme will be provided to cover 75% of 2020/21 council tax and business rate losses. The method of calculation of the grant will not result in 75% of actual losses being recovered as there is still an assumption on council tax that 99% of all council tax will be recovered which is unlikely. This grant will be applied over the next three years in line with the spreading of the 2020/21 in year collection fund deficit over the same period as fully detailed later in the report.

Negative RSG

- 65 The settlement confirmed the continuation of the negative RSG adjustment which was paid to some authorities in 2019/20 and again in 2020/21. Many beneficiaries of the Negative RSG adjustment are district councils, though there are a number of county councils who also benefit from these payments. The government has confirmed that £153 million will again be invested in 2021/22 to ensure there is no negative RSG for those limited number of authorities. Durham County Council will not receive any funding from this adjustment. The major beneficiaries are as follows:

Table 3 – Beneficiaries from Negative RSG in 2021/22

Authority	2021/22 Allocation
	£m
Surrey	17.3
Buckinghamshire	10.9
Dorset	10.8
Wokingham	7.1
Durham	0.0

66 This funding adjustment should only be made for 2021/22 financial year as the outcome of the Fair Funding Review is expected to be introduced from 2022/23.

Core Spending Power (CSP)

67 Upper tier authorities who receive a share of the additional social care grant funding and who are able to utilise the 3% Adult Social Care precept generally receive a higher than average CSP increase compared to district councils. The England average CSP increase for 2021/22 is 4.5% with district councils generally receiving less than this average as they do not benefit from the additional social care grant funding or the ability to levy an Adult Social Care precept. Equally, they do not face the significant upward cost pressures in these areas.

68 The government forecast CSP increase for Durham County Council in 2021/22 is 4.4%. In determining the forecast CSP increases for all councils the government have assumed that each local authority will increase their Council Tax by the maximum permissible next year.

69 High tax base authorities i.e. those in more affluent areas will receive a higher than average forecast CSP increase due to the sums that could be raised from a 5% council tax increase. Surrey County Council's forecast CSP increase is 5.1% whilst Wokingham Borough Council has a 5% forecast CSP increase.

70 The 4.4% forecast CSP increase for Durham assumes the council will increase council tax in 2021/22 by 5% and assumes a government forecast 1.5% increase in the council tax taxbase. The government forecast 4.4% CSP increase is therefore significantly higher than the true position as the council is only recommending a 2.99% increase in council tax rather than a 5% increase next year and the council tax taxbase setting report to Cabinet on 13 November 2020 reported a 0.1% reduction in the tax base for council tax in 2021/22 rather than a 1.5% increase.

71 Based upon the budget proposals and the true position, the council's actual CSP increase in 2021/22 will be 2.5% and not 4.4%. In total 60% of the councils 2.5% CSP increase comes from increases in council tax and 40% comes from government grant net increases. The grant increases mainly

relate to a £5.2 million increase in the Social Care Grant less a £3.1 million reduction in the NHB.

72 The government has also published details of spending power ‘per dwelling’ for all local authorities. Areas of deprivation naturally require and have always received relatively higher funding levels than more affluent areas. This higher level of funding in deprived areas is required for a range of reasons including:

- (a) in affluent areas, significant numbers of service users, especially in adult social care, can afford to contribute to the cost of their service provision. This is especially the case for residential care and home care services for the elderly. In these circumstances, the budget required to provide services in deprived areas is much higher than in affluent areas; and
- (b) demand for services such as Children’s Social Care in deprived areas is significantly higher than more affluent areas, resulting in deprived areas requiring higher budgets.

73 Regardless of this, the spending power per dwelling data published by the government highlights how significantly the funding of an area such as Durham has declined over recent years. The following table highlights the 2021/2 CSP per dwelling for a range of local authorities.

Table 4 – 2021/22 Core Spending Power per Dwelling

Area	Core Spending Power Per Dwelling
	£
England	2,068
Durham	1,888
Northumberland	2,005
Wokingham	2,016
Newcastle	2,056
Middlesbrough	2,153
Surrey (county and districts)	2,197

74 Considering the levels of deprivation in County Durham, it is concerning that the government’s CSP per dwelling calculation for Durham is £180 (c9%) less than the England average. The Index of Multiple Deprivation (IMD) highlights that Durham is the 48th most deprived local authority area in the country out of 151 upper tier authorities, yet the council’s CSP is significantly lower than the national average.

75 By way of a practical example: a relatively deprived area like Durham now has a lower spending power per dwelling than a more affluent area such as the county of Surrey – which, if their district councils’ CSP were included and fire responsibilities taken into account, would have a 10% higher

spending power per dwelling than Durham in 2021/22. Representations continue to be made to government in relation to this unfairness and will continue to be made during the Fair Funding Review process.

- 76 If Durham's CSP was brought up to the England authority average of £2,068 per dwelling, the council would annually receive additional government grant of £45 million.

Comprehensive Spending Review (CSR) and the Fair Funding Review

- 77 Originally, the Government had planned to have a multi-year settlement for local government and to implement the Fair Funding Review from 2020/21. This however was delayed by Brexit and the 2019 General Election which resulted in a one year settlement being received in the current year, with a multi year settlement and the introduction of the fair funding review expected for 2021/22. The impact of the coronavirus pandemic however has resulted in a further one-year Spending Round and a subsequent further delay to the Comprehensive Spending Review and the Fair Funding Review implementation.
- 78 It is now expected that the government will publish a CSR in the Autumn of 2021, although the content and period covered will be very much dependent upon the prevalence of the pandemic at that time and the governments approach to redressing the public finances. A longer-term CSR would be expected to cover the period 2022/23 to 2024/25 which would cover the period up to the next general election.
- 79 A longer-term CSR would be of fundamental importance in setting the quantum of funding to be available for local government across the three-year period. In addition, it is hoped that the CSR will provide clarity in relation to the Better Care Fund and the social care grant funding presently received by the council. Additional funding is paramount for local government to ensure investments can continue to be made in our communities and in key service areas.
- 80 As part of the November 2020 Spending Round an announcement was made that the implementation of the Fair Funding Review would be delayed until at least 2022/23. At this stage no further information has been forthcoming in relation to the timing of any future consultation papers. To ensure the council is able to respond accordingly it is hoped that any consultation papers are published as early as possible to enable considered responses to be made.
- 81 The interaction between the funding announcements in the CSR and the resultant apportionment of funding as part of the FFR will be vital in securing the financial future of the council. The outcome into the review into social care will also be of fundamental importance.
- 82 At this stage in terms of future assumptions for the CSR and FFR it is assumed that:

- (a) the social care grant funding will continue to be received over the next three years;
- (b) the core BCF funding will continue to be received;
- (c) the council loses £10 million of funding as a result of the FFR transitioned over a five-year period i.e. a £2 million loss per annum. The estimated reduction is mainly due to the forecast implementation of the Advisory Committee of Resource Allocation (ACRA) formula for the allocation of Public Health grant/funding in the future, a reduction in the share of funding for Younger Adults, a reduction in the share of national population offset by a funding increase resulting from a business rate baseline reset and the eradication of current damping arrangements;
- (d) the council loses £6 million of funding due to future austerity with local government forecast to face future funding reductions to assist in the national deficit recovery programme. This £6 million loss being transitioned over a three year period i.e. £2 million per annum.

Consultation

- 83 The significant level of uncertainty associated with the 2021/22 budget setting process resulted in the focus of consultation on MTFP(11) being via seeking views from Area Action Partnerships on the approach being taken by the council in planning for the 2021/22 budget process.
- 84 Presentations were made to 14 Area Action Partnership Boards between 14 October 2020 and 25 November 2020 providing a 2021/22 Budget and Medium-Term Financial Plan consultation and budget update. This presentation in summary covered;
- (a) 2020/21 Council Budget overview;
 - (b) current uncertainties that make it difficult to plan effectively for the future, including the one-year Comprehensive Spending Review and impact of Brexit upon national finance;
 - (c) 2020/21 Covid-19 impact, whereby the council has faced significant additional costs and loss of income resulting from the pandemic;
 - (d) 2021/22 Budget pressures forecast including adult social care, pay awards, inflation and national living wage;
 - (e) 2021/22 Budget setting arrangements, outlining how the council prudently invested £20 million on a short-term basis in 2020/21 of which £10 million will be withdrawn in 2021/22 assisting in offsetting budget pressures. However, a shortfall is still forecast, which at the time of the presentations was estimated to be £9 million; and
 - (f) the council timetable for the budget for approval.

AAP Feedback

85 Views were sought from each AAP on the following:

- (a) is the AAP comfortable with the council's approach in terms of identifying savings to balance the budget but considering the utilisation of the Budget Support Reserve to balance the budget due to the significant uncertainty faced and the tight timeframes?; and
- (b) The Local Government Settlement will be confirmed in December 2020. Following this announcement, the Council may be a need to carry out further consultation early in 2021, if the shortfall is larger than anticipated, meaning there may be a necessity to make front line savings. If this is the case the Council proposes to conduct this short notice consultation with AAPs via email. Are the AAPs in favour of this?

86 Overall, all 14 AAP Boards confirmed they were in agreement with the Council's approach and happy to take part in further consultation if needed in early 2021. A summary of responses in relation to the AAP's feedback is themed as follows:

- (a) **Overwhelming agreement and support:** All 14 AAPs supported the approach to budget planning as outlined in the presentation;
- (b) **Appreciation and commendation:** It was felt the council has shown exceptional financial management over the last 10 years and should be commended. There is a level of comfort in that the Council's financial management is well measured and reasonable;
- (c) **Public awareness, communication and education:** It was suggested that the Council consider undertaking activities in educating the public further around the scale of the challenge faced regarding ongoing uncertainties linked to financial planning and to provide a better understanding of how budgets are allocated, balanced, and where money is spent;
- (d) **Celebration of achievements:** The work and activities carried out by the council in supporting our communities should be celebrated and promoted. An example was given regarding the Free School Meal voucher scheme that the Council launched to support local families in need. This scheme had been a great success and supported more than 10,000 children;
- (e) **Welcoming of further consultation:** If further consultation is needed on saving options in early 2021 this was welcomed by the AAPs. Although understanding of the times constraints for this there was a suggestion that if at all possible, this consultation should not rely totally on email responses and the potential for it to be considered at Board meetings should be explored; and

- (f) **Support for further lobbying:** As part of the presentation, it was explained that the Council will continue to lobby for additional financial support. There was support for this from the AAPs.

87 In addition to the above, several questions and comments were put to council officers during the MTFP presentations. They were responded to during or following the meeting. Details of these are contained in Appendix 2.

Scrutiny Committee Feedback

88 Detailed scrutiny of the MTFP continues to be undertaken by Corporate Overview and Scrutiny Management Board, as per the terms of reference of that committee. The ability to scrutinise MTFP(11) has been somewhat inhibited by the late publication of the financial settlement for 2021/22, which was not published until 17 December 2020. There has been one report to Cabinet at this stage on MTFP(11) – an update report presented to Cabinet on 14 October 2020, which was considered by the Board on 29 October 2020.

89 Overview and Scrutiny Management Board will hold a final discussion on the MTFP on 11 February 2021 when it will consider the 10 February 2021 MTFP (11) Cabinet report prior to consideration of the budget and MTFP by full Council. The views of the Overview and Scrutiny Management Board will be factored into the report that will go forward to County Council as part of the budget setting process.

Medium Term Financial Plan Strategy

90 The strategy the council has deployed to date has been to prioritise savings from management, support services, efficiencies and, where possible, increased income from fees and charges to minimise the impact of reductions on frontline services as far as possible.

91 Throughout the period covered by the MTFP(1) 2011/12 through to end of the MTFP(11) planning period (2024/25), the cumulative savings required have risen from an originally forecast £123 million to a revised and updated forecast of £286 million now. Given the continuing requirement to make significant savings, it will become increasingly difficult to protect frontline services going forward.

92 To date the council has implemented the agreed strategy very effectively:

- (a) £242 million of savings will have been delivered by 31 March 2021;
- (b) in the vast majority of cases, savings have been delivered on time and in some areas ahead of time. This has been critically important, as non-delivery would place additional pressure upon the revenue budget;

- (c) it was originally forecast in MTFP(1) that there would be a reduction in posts of 1,950 by the end of 2014/15 due to austerity measures. It is currently forecast that by the end of 2021/22 the reduction in posts will be circa 3,000 of which circa 700 will have been via the deletion of vacant posts;
 - (d) following the abolition of the national council tax benefit system in 2013, and despite government funding reductions for the Local Council Tax Reduction Scheme which replaced it, the council has been able to maintain a scheme that protects all working age households in line with the support they would have previously received under the Council Tax Benefit system. This is a significant achievement and the council is one of a small number of local authorities nationally and the only authority in our region that have been able to maintain this support at a time when working age households are suffering from continued impacts of the government's welfare reforms. This has only been possible through prudent financial planning;
 - (e) the council has also been able to protect those services prioritised by the public such as winter maintenance whilst also continuing to support a fully funded capital programme.
- 93 The benefits of strong financial governance arrangements, maintaining adequate reserves and delivering savings early, if practical to do so, cannot be over emphasised. The utilisation of reserves has been essential in ensuring the smooth delivery of savings and enabled a managed implementation of proposals across financial years.
- 94 In general, the council has been accurate in forecasting the level of savings required, which has allowed the development of robust plans and has enabled the council to effectively manage the implementation and delivery on time, including meeting extensive consultation and communication requirements. This has put the council in as strong a position as possible to meet the ongoing financial challenges across this MTFP and beyond. Savings proposals are becoming more complex and difficult to deliver and will inevitably require increased utilisation of reserves to offset any delays and 'smooth in' reductions across financial years.
- 95 The council's existing MTFP strategy aligns well with the priorities identified by the public. For example:
- (a) **protecting basic needs and support services for vulnerable people:** Although the scale of government spending reductions has been significant having unavoidable impacts upon vulnerable people, the council works hard with partners to minimise this impact as far as possible. In MTFP(11), support has been continued to protect working age people on low incomes through the continuation of the existing Council Tax Reduction Scheme. This has been enhanced with the proposals to continue with an up to £300 top up payment to working age claimants who are left with a bill to pay next year. Work

with health partners continues to help ensure that health and social care funds are maximised and every proposal with the potential to impact on vulnerable people is subject to an assessment to identify likely impacts and mitigate these as far as possible;

- (b) **avoid waste and increase efficiency:** The council has a good track record of delivering cashable efficiency savings since local government reorganisation. This includes rationalisation of council buildings and IT systems and investment in digitisation of services. All employees have the ability to suggest ideas that could reduce waste and improve efficiency. The council benchmarks itself against other organisations in order to identify areas for improvement and demonstrate value for money;
 - (c) **work with the community:** The council is a trailblazer in asset transfer, having successfully transferred a number of leisure centres, a golf course, community buildings and children's centres to date. The council has recognised the need for investment in resources to work with the community to achieve successful outcomes in this area and shares the public's view that there is scope to continue this in the future;
 - (d) **fees and charges:** The council has addressed some of its financial challenges through increasing fees and charges. Such decisions are carefully considered, and it is acknowledged that it is not appropriate to aim for the highest charges possible, given the income levels of most residents and service users in County Durham.
- 96 Savings are forecast to be required over the next four years as core funding is forecast to reduce on the back of the FFR and possible reintroduction of future austerity to assist in reducing the national deficit resulting from the pandemic. In addition, it is forecast that the council will continue to face significant budget pressures especially in relation to children's social care, waste disposal and in meeting investment requirements to continue to address climate change priorities. These pressures are not forecast to be able to be accommodated from income generated locally through council tax and retained businesses rates.
- 97 The fact that future year's savings requirements will be on top of those of previous years leads to a forecasted, cumulative total of £286 million of required savings across the period 2011/12 up to 2024/25. This means that the council continues to face a very considerable financial challenge to balance budgets whilst providing a good level of service.
- 98 In addition, local government generally is absorbing more financial risks from central government.
- 99 Increased risk is arising from several sources:
- (a) under the Local Council Tax Reduction Scheme, previous national risk arising from any increased numbers of benefits claimants has

been transferred to local authorities since 2013/14. The risk is greater for authorities like Durham that serve relatively more deprived areas and have relatively weaker economic performance than the national average. The impact of the pandemic upon the council tax taxbase highlights this risk;

- (b) Business Rates Retention was introduced in 2013/14 to incentivise local authorities to focus on economic regeneration by being able to retain 49% of business rates raised locally. Economic regeneration has always been the top priority for the council. Unfortunately, the practical consequences of these changes shift risks once managed nationally, to local authorities should there be a downturn in the local economy and local business rate yield reduces. In addition, the council also now carries a share in the risk arising from successful rating appeals against the rateable value assigned to a business by the Valuation Office, part of HM Revenues and Customs which can go back many years. Again, the impact of the pandemic upon the business rate taxbase highlights this risk;
- (c) Fair Funding consultations have confirmed the government's aspiration that local authorities will be able to retain 75% of business rates collected locally in 2022/23. This could result in significant changes to the funding received by the council;
- (d) the government's ongoing Welfare Reforms, including the roll out of Universal Credit Full Service and the managed migration of all legacy benefit claimants to this regime in the coming years, carry increased financial risk to the council in areas such as the Benefits Service, Welfare Rights, homelessness and housing services. Similarly, council tax may become more difficult to collect, creating increased financial pressure;
- (e) risks such as future price and pay inflation and demographic pressures in social care services in particular will still apply and are not currently fully recognised in government funding allocations, increasing the real terms cuts required to set a balanced budget;
- (f) future settlements are dependent upon the national finances. Uncertainties in relation to Brexit and the recovery from the pandemic will impact upon the national finances and as such could also impact upon future settlements for local government;
- (g) it is unclear at this point what the impact in the short and long term will be upon the council of the coronavirus pandemic. There could continue to be increased costs and loss of income.

100 Detailed savings plans have been developed for MTFP(11) with work ongoing to develop savings plans for future years and beyond. It is recognised that the likely impact of the CSR and FFR will not become clear until at least autumn 2021. On that basis the council will need to be flexible in terms of planning for future years savings.

Revenue Budget for 2021/22

- 101 Cabinet received an update report on MTFP(11) on 14 October 2020 which provided details of forecast base budget pressures at that time. The late publication of the provisional local government settlement has delayed further updates on the development of MTFP(11). The 14 October 2020 Cabinet report provided detail upon the forecast resources available, budget pressures and the savings required to balance the budget. This report provides details on the final position.

Base Budget Pressures in 2021/22

- 102 Base budget pressures have been reviewed over the last year. Table 5 provides detail of the final position on the 2021/22 Base Budget pressures.

Table 5 – 2021/22 Base Budget Pressures

Pressure	Amount £m
Pay Inflation	5.100
Price Inflation	3.800
Costs associated with the National Living Wage	0.850
Adult Demographic Pressures	4.000
Children's Demographic Pressures	5.000
Children's Home to School Transport	1.640
Children's SEND and Social Care Staffing	1.200
Leisure Budget Pressures	0.850
Winter Maintenance	1.000
Neighbourhoods Staffing and Base Budget Pressures	1.000
Prudential Borrowing	1.000
Other Budget Pressures	1.547
TOTAL	26.987

- 103 Additional budget provision is required for price inflation and the forecast cost of the 2021/22 pay award. The 2020/21 pay award was 2.75%, compared to the 2.5% built into the 2020/21 base budget, therefore additional budget provision of £0.550 million is required to cover the 0.25% shortfall in 2021/22. In terms of the 2021/22 pay award forecast, 2% provision has been retained. Although the Chancellor of the Exchequer has called for pay restraint in the public sector confirmation has been received that the health service employees will receive a 2021/22 pay increase. Local government has an independent pay body which is likely to come under pressure from trade unions to match any pay award payable to the health service. Retaining a 2% assumption is considered prudent in terms of the budget planning for next year.

- 104 The council faces a budget pressure in relation to the impact of the 2021/22 National Living Wage (NLW) increase. At 2.2%, the increase is lower than previously forecast , but this is still higher than the 1.5% price inflation included in the MTFP(11) model for 2021/22. Contractual arrangements, particularly relating to adult social care services include annual uplifts in contract prices which are linked to the NLW. A base budget pressure of £0.850 million is included in 2021/22 in relation to these requirements, together with an additional £4 million provision for Adults Demographics.
- 105 The council continues to face significant unavoidable budget pressures in Children and Young People’s Services particularly in relation to Children’s Social Care placements and Home to School Transport, with budget uplifts provided to offset current shortfalls in these areas. Similarly, additional provision has been made to increase the base budgets in Leisure Facilities and within the Neighbourhoods staffing teams. Additional investment has also been factored into the Winter Maintenance service to reflect increased operating costs and ensure the budget is adequate to meet a standard winter.
- 106 The council continues to prioritise capital investment and this budget includes a fully funded capital programme. A key priority of the capital programme continues to be regeneration and job creation within the local economy.

Additional County Durham Investments

- 107 The council has managed its finances extremely effectively since 2010 and because of this remains in a position to continue the investment programme that was agreed for 2020/21 into the 2021/22 financial year.
- 108 The proposed budget includes a further £10 million of continued short-term investments across a number of key front line service areas, bringing the additional investment committed in these areas to £20 million over 2020/21 and 2021/22, with any underspending in 2020/21 due to the impact of the pandemic being carried forward to augment the 2021/22 budget allocation. The 2021/22 budget will include the following investments:
- (a) £2.5 million of investment in highways – including additional investment in street lighting, measures to tackle backlog maintenance and pothole repairs, additional gully cleansing and drainage inspections and further investment in improving road markings;
 - (b) £0.5 million of investment to support the development of new social housing;
 - (c) £2.0 million of additional investment in Clean and Green and other Neighbourhood Initiatives. This investment will include Neighbourhood “Find and Fix” environmental teams, complementing “Operation Spruce Up” and responding rapidly to neighbourhood blight and environmental concerns;

- (d) £1.5 million of additional investment to support the council's approach to tackling climate change, which will assist in leveraging in additional national funding and will provide a platform for attracting further local investment from partners and other agencies. This additional funding builds on the council's ongoing resource commitments that are set out in the climate change plans that have been considered by cabinet and council;
- (e) £1.5 million of additional investment in Welfare Assistance and Discretionary Housing Payments in support of the Poverty Action Plan - which those most in need rely on, whilst also investing in support for the long term unemployed to help them into work. Further investment will also be made in supporting activities with food during school holidays and supporting investment in foodbanks where this is required;
- (f) £1.0 million of additional investment in library and leisure services, to improve access and the digital offer in particular within these services;
- (g) £1.0 million of additional investment in Children and Young People's Services, funding a range of initiatives to support engagement and partnership working with young people and to improve quality;
- (h) the 2021/22 budget also commits an additional £5 million for Towns and Village investment, which brings the total value of funding committed for this local investment to £25 million, of which £4.2 million (£300,000 each) will be allocated to local Area Action Partnerships in support of local schemes to enhance Towns and Villages across the county based on local priorities;
- (i) the broad criteria and governance arrangements for the AAP £4.2 million investment will be as follows.

General Principles – AAP Towns and Villages Fund Investment

109 The general principles are:

- (a) the funding can be used for both capital and revenue;
- (b) schemes funded should have a clear exit plan and not create an ongoing expectation of support longer term;
- (c) although the funding is allocated next financial year, there is no need for AAPs to have it all allocated or spent next year and they are free to profile this as they see fit;
- (d) AAPs will have the flexibility to innovate so there will be some flexibility but within criteria established for these allocations (see below);

- (e) application of the funding will be collated alongside the schemes overseen by the Towns and Villages Co-ordination Group;
- (f) given the level of interest in this subject at the recent Autumn AAP consultation events, it is anticipated there may be a need for some further engagement with communities as to how it could be best used in an AAP area based on the areas it can be applied to;
- (g) the over-riding aim of the funding is to have a meaningful impact, and in order to ensure the public see a real difference, AAP Boards therefore should cap any spend on feasibility studies to a maximum of £30,000. In addition, given the availability of this funding offers a significant opportunity for AAPs, it is proposed that unless there are exceptional circumstances, projects supported should have a minimum contribution from this fund of £10,000 and that they seek to achieve a match funding rate of at least 30%.

Priorities for investment – AAP Towns and Villages Fund Investment

110 AAPs will be free to develop a programme of works that meet the particular needs and priorities of their areas, and in common with the approach taken to use of their Area Budget, they will be provided with the scope to innovate. However, the investment of this funding will be within the criteria that is signed off and agreed by Cabinet. As a steer for the utilisation of this funding AAPs will be encouraged to consider investment in the following potential initiatives (note that the decision to go ahead with any local scheme will be shaped by the need to avoid duplication with other schemes):

- (a) localised environmental maintenance / enhancements;
- (b) enhancing community resilience;
- (c) time-limited financial support for current town and village centre businesses to maintain their presence in a locality;
- (d) time-limited support to assist with attracting new users/businesses to a centre;
- (e) projects that build on a centre's ability to attract new users to a location e.g. through the improvement of a visitor experience or development of an area's tourism potential;
- (f) accessibility improvements in order that more people can travel to (e.g. public transport/parking), and within (e.g. disabled access enhancements) a centre;
- (g) improvements to connectivity (walking and cycling);

- (h) improved IT connectivity for businesses and visitors;
- (i) public realm improvements, including addressing 'grot spots' and parking issues on estates that impact on their open space areas;
- (j) initiatives to improve public safety in order that people feel more secure when living in or visiting a location; or
- (k) the creation of a vibrant community hub within a town or village centre.

Funding allocation and Integration

- 111 Bids for funding will be made through the established AAP funding process. The principal AAP Coordinators will oversee any funding bids and will join the Towns and Villages Co-ordination group to ensure that AAP generated projects compliment and are aligned to wider investment programmes.
- 112 Given the scope of the Towns and Villages programme and the established process of local priority setting and resourcing, higher value projects may be developed drawing together existing AAP allocations and the uplifted Towns and Villages element.

Engagement & Governance

- 113 An important element of the Towns and Villages programme is the ongoing commitment to regular engagement with each AAP to demonstrate the local delivery of Towns and villages and aligned schemes and to identify larger scale regeneration needs and opportunities outside of the scope of the AAP allocations. These sessions (six monthly) as well as participation in AAP priority theme group meetings which align with the core Towns and Villages themes will enhance and embed the activity at an AAP level in line with the principles established in the Towns and Villages Cabinet reports.
- 114 This Town and Village investment will complement the existing range of investments under this ambitious programme of interventions. Table 6 provides a summary of the additional short-term investments recommended which are in addition to the £20 million of other Town and Villages investments:

Table 6 – 2021/22 Additional County Durham Investments

Additional County Durham Investments	Amount £m
Climate Change	1.500
Highways	2.500
Clean and Safe Neighbourhoods	2.000
Reducing Poverty and Inequality	1.500
Housing Initiatives	0.500
Library Investment	1.000
Children's Services	1.000
Towns and Villages	5.000
TOTAL	15.000

115 The investment of £15 million detailed above, will require a contribution from the Budget Support Reserve (BSR) in 2021/22 of £3.778 million and utilisation of £5 million of earmarked reserves.

MTFP(11) Savings

116 Since the onset of austerity, the council has delivered the vast majority of savings required on schedule. Across the period 2011/12 to 2020/21 savings realised have totalled £242 million.

117 The approach to generating additional savings has a clear focus upon efficiency savings, income generation and the protection of front line services as far as is possible.

118 Savings of £5.4 million approved in MTFP(10) continue across the MTFP(11) period alongside an additional £2.4 million of new savings proposals that have been identified for inclusion in MTFP(11). This provides £7.8 million of budget support across MTFP(11) with £5.3 million of this sum available in 2021/22.

119 Table 7 below provides a summary of the MTFP(11) savings, with the individual savings plans detailed in Appendix 3.

Table 7 – MTFP(11) Savings

Year	Savings £m
2021/22	5.312
2022/23	2.452
TOTAL	7.764

- 120 The current MTFP(11) modelling forecasts that £36 million of further savings are still required to balance budgets over the medium term. Over the coming months the council will continue to develop savings plans to ensure savings options are available for consideration should they be required. Early planning will be critical in lieu of the potential outcome of the Comprehensive Spending Review and the implementation of the Fair Funding Review, where the council must also be cognisant of the possibility of base budget pressures being higher than what is currently forecast.

2020/21 Collection Fund

- 121 The council taxbase setting report to Cabinet on 18 November 2020 provided an update on the forecast collection fund outturn position for 2020/21, based on the quarter 2 position.
- 122 Under normal circumstances the council would have been declaring its forecast surplus or deficit position for the year end as part of that report and informing its principal precepting bodies (Police and Fire) of their shares of the forecast collection fund surplus or deficit position . The report to Cabinet however referenced the significant uncertainty at that point in terms of future collection rates due to the impact of the pandemic and especially the removal of the furlough. It was determined that preceptors would be advised of the 2020/21 collection fund forecast outturn position at a later date although it was recognised that preceptors must be advised of the position by 15 January 2021 to aid their budget setting processes.
- 123 The taxbase setting report to 18 November 2020 also referenced the government intention for the financial impact of any 2020/21 in year deficit to be spread over the three years 2021/22, 2022/23 and 2023/24 rather than all being accounted for in 2021/22. At that point details of how this scheme would operate were not known.
- 124 As part of the local government provisional finance settlement received on 17 December 2020 the government announced that a 75% grant would be made available to cover the in year 2020/21 collection fund losses. Guidance was subsequently provided on how the 75% grant is to be calculated for both council tax and business rate in-year collection deficits.
- 125 The calculation of the council tax element of the 75% grant continues to assume a 99% collection of council tax rather than allowing local authorities to recover those elements of non-collection due to any additional provision for write off of bad debts. On that basis it is unlikely that 75% of the current forecast of the collection fund deficit will be recovered as the updated forecast assumes an increase in the level of bad debt that will ultimately be subject to write off. Detailed below are the updated forecasts for the collection fund for 2020/21 along with the forecast sums recoverable via the 75% grant and the impact of three year phasing of this grant across 2021/22 to 2023/24.

- 126 The figures highlighted relate only to the county council share of the collection fund position. Police and Fire were informed of their shares of the forecast deficit before the statutory deadline of 15 January 2021 and the forecast of their share of the 75% grant support.

Brought Forward Position from 2019/20

	£m
Council Tax Deficit	0.722
Business Rate Surplus	<u>(4.034)</u>
NET SURPLUS	<u>(3.312)</u>

In Year Position 2020/21

	£m
Council Tax Deficit	4.836
Business Rate Deficit	<u>0.558</u>
DEFICIT	<u>5.394</u>

- 127 The council has a brought forward net surplus of £3.312 million from 2019/20 but an in year deficit of £5.394 million in 2020/21. Whilst the brought forward position is applied in full in 2021/22, the in year deficit for 2020/21 must be spread over three years and will be offset by the forecast grant support that will be received. Police and Fire will also receive grant support to offset their share of the in-year deficit and that funding will be paid direct to them by the Government. The impact on MTFP(11) across the period 2021/22 to 2023/24 is as follows;

2021/22 Budget Position

	£m
2019/20 Net Surplus BFWD	(3.312)
2020/21 Council Tax Share of Deficit	1.612
2020/21 Business Rate Share of Deficit	0.186
2021/22 Share of 75% Grant	<u>(0.514)</u>
NET FUNDS AVAILABLE FOR 2021/22	<u>(2.028)</u>

2022/23 Budget Position

	£m
2020/21 Council Tax Share of Deficit	1.612
2020/21 Business Rate Share of Deficit	0.186
2022/23 Share of 75% Grant	<u>(0.514)</u>
NET 2022/23 DEFICIT	<u>1.284</u>

2023/24 Budget Position

	£m
2020/21 Council Tax Share of Deficit	1.612
2020/21 Business Rate Share of Deficit	0.186
2023/24 Share of 75% Grant	<u>(0.514)</u>
NET 2023/24 DEFICIT	<u>1.284</u>

- 128 The net position for 2021/22, having taken into account the 75% grant, results in a surplus of funds available, on a one off basis of £2.028 million which must be utilised in the setting of the 2021/22 budget. In line with previous years it is recommended that the net collection fund surplus of £1.514 million plus the £0.514 million Local Income Tax Guarantee Grant of £0.514 million are utilised to support the MTFP(11) capital programme.
- 129 In 2022/23 however there will be a net deficit position of £1.284 million which must be included in the budget build for that financial year. Utilising the three year spreading arrangement the deficit will also be £1.284 million in 2023/24 with no ongoing impact beyond that financial year.
- 130 The Collection Fund outturn for 2021/22 and 2022/23 will have an impact on the actual surplus or deficit positions in 2022/23 and 2023/24, but each year will be required to account for the net deficit position being brought forward from 2020/21.

2021/22 Net Budget Requirement and Council Tax

- 131 After taking into account base budget pressures and additional investment, the council's recommended Net Budget Requirement for 2021/22 is £441.131 million. The financing of the Net Budget Requirement is detailed in Table 8 below.

Table 8 – Financing of the 2021/22 Budget

Funding Stream	Amount £m
Revenue Support Grant	28.227
Business Rates – Local Share	57.304
Business Rates – Top Up Grant	72.780
Section 31 Grant	11.415
Collection Fund Surplus	1.514
Local Tax Income Guarantee	0.514
Council Tax	241.266
New Homes Bonus	4.476
Social Care Pressures Grant	22.888
Lower Tier Services Grant	0.747
NET BUDGET REQUIREMENT	441.131

- 132 The Gross and Net Expenditure Budgets for 2021/22 for each service grouping are detailed in Appendix 4. A summary of the 2021/22 budget by service expenditure type, based upon the CIPFA classification of costs is detailed in Appendix 5.
- 133 The government has confirmed that the maximum the council can increase Council Tax by is 2% without approval from a majority of Council Taxpayers in a public referendum to increase it further. Following the announcements in the Spending Round last year, the council also has the ability to apply an Adult Social Care precept up to a maximum of 3% which can be phased over 2021/22 and 2022/23.
- 134 After considering the impact upon the council’s budget and, importantly upon council taxpayers, this report recommends a 1.99% council tax increase in the council’s Band D council tax in 2021/22 which is below the 2% referendum limit.
- 135 In addition, the report recommends a 1% increase to the Adult Social Care precept. The total increase would therefore be 2.99% and will generate additional council tax income in 2021/22 of £7 million. The additional income will enable the council to protect front line services while also covering significant base budget pressures such as the additional costs associated with the increase of the National Living Wage.
- 136 The MTFP(11) forecasts assume 1.99% annual increases each year for 2022/23 to 2024/25, with a 2% Adult Social Care precept factored into the MTFP(11) planning assumptions also.
- 137 The 2021/22 council tax base, which is the figure utilised to calculate council tax income forecasts, was approved by Cabinet on 18 November 2020 as 141,623.2 Band D equivalent, a small reduction in tax base from 2020/21 resulting from the impact of the pandemic. Based

upon the council's track record in collecting council tax from council taxpayers, the collection rate for council tax setting and income generation processes has been retained at 99%.

One Off Grant Support to address coronavirus pandemic financial impact

- 138 The council is forecasting to have incurred costs and lost income during 2020/21 of circa £70 million due to the impact of the coronavirus pandemic. It is fully expected that the pandemic will continue to have financial impacts on the council well into 2021/22 and possibly beyond. In this regard the local government finance settlement confirmed additional one off funding of £15.6 million for 2021/22 and a continuation into the first three months of 2021/22 of the Income Guarantee Scheme.
- 139 The 2021/22 budget does not include additional budget pressures resulting from the coronavirus pandemic. It is not possible at this stage to determine whether the short-term funding that has been provided will be enough as this is ultimately dependent on the duration of the pandemic and the consequential impact on the council's income and expenditure next year. This adds to the uncertainty across the MTFP(11) planning period and the position will be closely monitored to ensure that sufficient funding is available.
- 140 If it becomes apparent that the funding will not suffice then government will be lobbied extensively for additional financial support. It is unlikely that Durham would be the only local authority with financial pressures in this regard.

Recommendations

- 141 It is recommended that Members:
- (a) approve the identified base budget pressures included in paragraph 102;
 - (b) approve the short-term investments included in paragraph 114;
 - (c) approve the 2021/22 savings plans detailed in Appendix 3;
 - (d) note the governance arrangements in place to invest £0.3 million in each AAP from the Town and Villages reserve and the criteria in place for the investment;
 - (e) approve the collection fund position for 2020/21 and approve that the 2020/21 £1.514 million collection fund surplus and the £0.514 million 2021/22 Local Tax Income Guarantee grant are utilised to support the MTFP(11) capital programme;
 - (f) note the forecast £1.284 million collection fund deficit carried forward into both 2022/23 and 2023/24;

- (g) approve a 1.99% 2021/22 council tax increase and an additional 1% increase which relates to the Adult Social Care precept, totalling 2.99%;
- (h) approve the 2021/22 Net Budget Requirement of £441.131 million;
- (i) note the additional one off funding support provided to finance the ongoing financial impact of the coronavirus pandemic and the need to monitor this position closely.

How the Medium-Term Financial Plan (MTFP(11)) 2021/22 to 2024/25 has been Developed

142 The following assumptions have been utilised in developing the MTFP(11) budget model, which is set out in Appendix 6:

- (a) at this stage it is forecast that the council will face funding reductions as a result of the Fair Funding Review. This view is formed on the basis of the government's planning assumptions for the future use of the ACRA formula to distribute Public Health funding. It is forecast that this could reduce Public Health funding by circa £18 million in County Durham. Analysis by the Local Government Association has also forecast a significant reduction in Durham's national share of Younger Adults funding. The county share of national population has also reduced, which will impact upon future funding levels although the baseline reset of business rates is forecast to partially offset this impact. It is forecast that the council could lose an additional £10 million of government funding as a result of the Fair Funding Review. Assuming a five-year transition period would result in the council losing £2 million of funding per annum from 2022/23 to 2026/27;
- (b) it is forecast that the council will lose £6 million of core funding as a result of the outcome of the CSR. Health, Education and Defence will continue to be protected in the future, resulting in unprotected government departments facing the likelihood of tighter financial settlements as the government seeks to redress the public finances. Until the results of the CSR are published, probably in Autumn 2021, it is difficult to forecast the actual impact upon local government but at this stage a loss of government funding of £6 million is forecast, phased across the last three years of the current parliamentary period;
- (c) it has been assumed that the council will retain the additional Social Care Grant funding of £22.9 million across the MTFP(11) period, although there is a risk in this regard in relation to the future allocation methodology;
- (d) it is expected that NHB will be withdrawn in full as a funding stream over the next four years. It is expected that a new housing incentive scheme will be introduced but until such time as details are provided

in this regard no forecast of additional funding has been included in MTFP(11);

- (e) continued reductions in the Benefit Administration grants are assumed as Universal Credit is rolled out. It is forecast that Benefit Administration grants will reduce by a further £0.1 million per annum across the MTFP(11) period;
 - (f) it is assumed that the current BCF allocations are retained across MTFP(11);
 - (g) forecast pay and price inflation levels assumptions are detailed in Table 9 below. Service groupings will be expected to manage budgets within set cash limits although some additional allowance will be recognised for major contracts.
- 143 The assumptions built into MTFP(11) for pay and price inflation are detailed in the table below:

Table 9 – Pay and Price Inflation Assumptions

Year	Pay Inflation	Price Inflation
	%	%
2021/22	2.0	1.5
2022/23	2.0	1.5
2023/24	2.0	1.5
2024/25	2.0	1.5

- (a) forecasts have also been included in relation to the impact of the National Living Wage over and above the price inflation allowance. The government has indicated that the intention would be to increase the NLW to £10.32 per hour by 2024/25 from the 2021/22 level of £8.91 per hour which will require annual increases of circa 5%;
- (b) it is assumed that £10 million of the short-term investments introduced in 2020/21 will continue into 2021/22 and will be augmented with an additional £5 million of investment in Towns and Villages, principally via Area Action Partnerships in 2021/22 but at this stage will not continue beyond next year;
- (c) continuing forecast budget pressures in relation to Children and Adults demographics;
- (d) continuing to support the capital programme;
- (e) it is assumed from 2022/23 that the council will increase Council Tax by 1.99% per annum with the balance of the Adult Social Care flexibility taken in 2022/23;

- (f) beyond next year it is assumed that the council tax base and business rate tax bases will continue to grow although growth is forecast to be depressed still over the next couple of years, accelerating again towards the end of the MTFP(11) planning period.
- 144 Based upon the assumptions built into MTFP(11), the following shortfall in savings will be required to balance the budget in 2022/23 to 2024/25.

Table 10 – Savings to be Identified

Year	Savings Target
	£m
2022/23	6.161
2023/24	19.745
2024/25	10.066

- 145 In total, additional savings of £35.972 million are required to balance the budget over the 2022/23 to 2024/25 period. To support the MTFP over this period there will be a forecast residual balance in the Budget Support Reserve of £12.8 million at 31 March 2022.
- 146 The MTFP(11) forecasted budget model is attached at Appendix 6. This model is considered prudent taking account of the latest intelligence relating to the Comprehensive Spending Review and the Fair Funding Review, though there is significant uncertainty over these estimates. Actual outcomes will be dependent on government's decisions on the formulae for allocating future grant funding as well as the details of overall level of government funding that is available for local government from 2022/23. Of particular concern in this regard is what the strategy will be to address the deficit that has been created as the government responds to the coronavirus pandemic.

Financial Reserves

- 147 Reserves are held:
- (a) as a working balance to help cushion the impact of any uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the General Reserves;
 - (b) as a contingency to cushion the impact of any unexpected events or emergencies, for example, flooding and other exceptional winter weather – this also forms part of General Reserves;
 - (c) as a means of building up funds - 'earmarked' reserves - to meet known or predicted future liabilities.
- 148 The council's current reserves policy is to:

- (a) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director of Resources should continue to be authorised to establish such reserves as required, to review them for both adequacy and purpose on a regular basis and then reporting to the Cabinet Portfolio Member for Finance and to Cabinet;
 - (b) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates to up to £32 million.
- 149 Each earmarked reserve, with the exception of the Schools' reserve, is kept under review and formally reviewed on an annual basis. The Schools' reserve is the responsibility of individual schools with balances at the year-end which make up the total reserve.
- 150 A Local Authority Accounting Panel Bulletin published in November 2008 (LAAP77) makes a number of recommendations relating to the determination and the adequacy of Local Authority Reserves. The guidance contained in the Bulletin "represents good financial management and should be followed as a matter of course".
- 151 This bulletin highlights a range of factors, in addition to cash flow requirements that councils should consider in determining their reserves policy. These include the treatment of inflation, the treatment of demand led pressures, efficiency savings, partnerships and the general financial climate, including the impact on investment income. The bulletin also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If Members were to choose to use General Reserves as part of this budget process appropriate action would need to be factored into the MTFP to ensure that this is addressed over time so that the base budget is not reliant on a continued contribution from General Reserves.
- 152 The forecast balance on all reserves is reported to Cabinet every quarter as part of the Forecast of Outturn reports and Cabinet received the latest report on 11 November 2020 based on the position as at 30 September 2020. The quarter three forecast of outturn will be considered by Cabinet in March 2021.
- 153 Since that time, a review of Earmarked Reserves has identified the opportunity to increase the Town and Villages Reserve from £20 million to £25 million. This additional £5 million will provide greater investment opportunities in our local communities, where £300,000 will be allocated to each Area Action Partnership next year to invest in local priorities.
- 154 Between the period 2011/12 to 2021/22 it is forecast that over £100 million of reserves, including the Budget Support Reserve (BSR) and the Early Retirement/Voluntary Redundancy (ER/VR) reserve, will have been utilised to support the MTFP. It is recommended at this stage that the current Reserve Policy of maintaining the General Reserve of between 5% and

7.5% of the Net Budget Requirement is retained. This will result in a General Reserve range of up to £33 million.

- 155 A balanced MTFP model has been developed after taking into account the assumptions detailed in this report. The MTFP model is summarised below. It should be noted that of the £43.866 million of savings required there are plans in this report for £7.764 million leaving a shortfall over the MTFP(11) period of £35.972 million.

Table 11 – MTFP(11) Model Summary

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
Variance in Resource Base	(17.670)	1.771	(2.155)	(5.600)	(23.654)
Pressures/Investments	29.027	(1.806)	21.900	15.666	64.787
Previous use of one-off funds	2.733	8.778	0	0	11.381
Use of Reserves	(8.778)	0	0	0	(8.648)
Savings Required	5.312	8.743	19.745	10.066	43.866
Savings Identified	(5.312)	(2.452)	0	0	(7.764)
Savings to Shortfall	0	6.291	19.745	10.066	36.102

Recommendations

- 156 It is recommended that Members:
- (a) agree the forecast MTFP(11) financial position;
 - (b) set aside sufficient sums in Earmarked Reserves as is considered to be prudent and that the Corporate Director of Resources continues to be authorised to establish such reserves as required to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet;
 - (c) aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £33 million;
 - (d) note the transfer of £5 million of earmarked reserves into the Town and Villages Reserve.

Capital Budget 2020/21 to 2023/24

- 157 The capital budget was last approved by Cabinet on 11 November 2020. Since that date, capital budgets have continued to be challenged and reviewed whilst additional resources have been received, which have

augmented the capital programme. After taking these adjustments into account, Table 12 details the latest revised capital budget for the period 2020/21 to 2023/24 including the details of the financing of this capital expenditure. Further details of the current capital programme can be found at Appendix 7.

Table 12 – Current Capital Budget 2020/21 to 2023/24

Service Grouping	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Adults and Health	0	0.338	0	0	0.338
CYPS	22.977	21.820	0.522	0	45.319
NCC	43.713	35.005	0.168	0	78.886
REG	69.211	96.010	58.274	9.761	233.256
RES	3.610	26.060	7.309	1.700	38.679
TOTAL	139.511	179.233	66.273	11.461	396.478
Financed by					
Grants/Contributions	55.022	49.580	12.664	0.655	117.921
Revenue/Reserves	29.901	7.506	1.372	4.375	43.154
Capital Receipts	6.645	15.166	10.340	0	32.151
Borrowing	47.943	106.981	41.897	6.431	203.252
TOTAL	139.511	179.233	66.273	11.461	396.478

Capital Considerations in the MTFP(11) Process

- 158 The Prudential Code update of 2017 requires that local authorities produce a Capital Strategy to ensure that they can demonstrate that they are making capital expenditure and investment decisions in line with service objectives and properly take into account stewardship, prudence, sustainability and affordability. A Capital Strategy for the council is attached at Appendix 8 and this provides the framework in which the capital programme is developed.
- 159 As part of the development of the capital programme for MTFP(11), service groupings developed capital bid submissions during the summer 2020 alongside the development of revenue MTFP(11) proposals. Bids were submitted in the main for 2022/23 to maintain the two year rolling programme approach to the capital budget. Bids were also submitted for 2021/22 which were deemed to be priority. The Capital Member Officer Working Group (MOWG) considered the capital bid submissions taking the following into account:
- (a) service grouping assessment of priority;

- (b) affordability based upon the availability of capital financing. This process takes into account the impact of borrowing upon the revenue budget; and
- (c) whether schemes could be self-financing i.e. capital investment would generate either revenue savings or additional income to repay the borrowing costs to fund the schemes.

160 Whilst considering capital bid proposals, the MOWG has continued to recognise the benefits of committing to a longer-term capital programme to aid effective planning and programming of investment. At the same time MOWG also recognised the need for caution in committing the council to high levels of prudential borrowing at this stage for future years.

Available Capital Financing – Capital Grants

- 161 Capital grants for 2022/23 are yet to be confirmed but have been assumed to be in line with the forecasts built into MTFP(10).
- 162 The table below provides details of the indicative 2022/23 capital grant allocations included in the plans. If the actual allocations for capital grants vary from the forecast position, then the capital budget may need to be adjusted accordingly.

Table 13 – Forecast 2022/23 Capital Grants Utilised in Support of the MTFP(11) Capital Programme

Capital Grant	2022/23
	£m
Disabled Facilities	6.158
LTP – Highways	11.556
LTP - Integrated Transport	2.726
School Maintenance/Basic Need	5.440
School Devolved Capital	1.400
TOTAL	27.280

Capital Receipt Forecast

- 163 In the majority of cases, capital receipts received are utilised to support the overall council capital programme. Capital receipts are generated in the main from land sales which arise from the council's Asset Disposal Programme.
- 164 In the 2015 Autumn Statement, the Chancellor of the Exchequer announced that local authorities would be given flexibility under certain circumstances to utilise capital receipts to finance one off revenue costs associated with service transformation and reform.

- 165 The government identified that revenue expenditure would qualify to be financed from capital receipts in the following circumstances:
- (a) qualifying expenditure is expenditure on any project designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years;
 - (b) the key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's, or several authorities', and/or to another public sector body's net current expenditure;
 - (c) within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility – the Secretary of State believes that individual local authorities or groups of authorities are best placed to decide which projects will be most effective for their areas;
 - (d) set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. However, the ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
- 166 The government believed that it was important that individual authorities demonstrate the highest standard of accountability and transparency in such decisions. It is required that each authority should prepare a strategy that includes separate disclosure of the individual projects that will be funded, or part funded through capital receipts flexibility and that the strategy is approved by full council or the equivalent. This strategy can be included as part of the annual budget documentation and approved by full council or the equivalent at the same time as the annual budget.
- 167 At this stage, it is not considered that there are a large range of opportunities for the council to utilise this flexibility. Careful consideration also needs to be given to the other options of funding such expenditure as identified above e.g. from contingencies or from reserves. Notwithstanding this, it is recognised that it would not be unreasonable for the council to consider utilising this new flexibility to finance severance costs associated with the MTFP process.
- 168 On that basis, to ensure that the council has this option available, it will be recommended that it be noted that capital receipts could be utilised to finance severance costs.
- 169 In previous years the council has set a target of £10 million of capital receipts income to support the capital programme. A target of £10 million was agreed for MTFP(8) for 2019/20. However, due to concerns regarding the council's ability to generate sufficient land sales to meet the targets in

the budget at that time no new additional capital receipts target was set for MTFP(9) or MTFP(10).

- 170 A review of the current forecast capital receipts for the period to the end of 2022/23 has indicated that there will still only be sufficient capital receipts to hit the revised budget requirement for the current capital programme. In addition, several of the identified surplus land sites included in previous land sale forecasts are now being considered for the Leisure Review and the new council housebuilding programmes. With this in mind, it is recommended again that no additional capital receipt target for 2022/23 is included in MTFP(11).
- 171 During 2021/22 there may be other opportunities that manifest for the council to utilise this new capital receipts flexibility to finance service transformation and reform one-off costs. If there is a business case in this regard, Cabinet approval will be sought and the case in question included in a formal Efficiency Strategy.

One-Off Revenue Funding

- 172 The council continues to recognise the importance of investing in capital infrastructure and the need to boost the local economy. With this in mind it is recommended that advantage is taken of the following one-off revenue funding streams to support the capital programme:
- (a) **Collection Fund Surplus** – This one-off funding benefit is required to be utilised in setting the 2021/22 budget. The forecast collection fund surplus for 2020/21 is £1.514 million. In addition, however the council is forecasting to receive £0.514 million in 2021/22 from the Local Tax Income Guarantee Scheme. This grant is to reimburse local authorities for lost council tax and business rate income during the coronavirus pandemic. It is intended to use the full £2.028 million to support the capital programme;
 - (b) **Earmarked Reserves** – a sum of £3.375 million is include in MTFP(11) for new capital schemes in relation to the Town and Villages Strategy. The Town and Village Reserve will be utilised to finance these schemes.

Prudential Borrowing

- 173 The council continues to sensibly utilise prudential borrowing to fund capital investment. The current budget available for prudential borrowing alongside additional growth across the MTFP(11) period will enable the council to fully fund the capital programme. Where capital expenditure is funded through prudential borrowing the capital financing requirements impact on the budget the following year.

Approval of Additional Capital Schemes

- 174 A comprehensive 2021/22 capital programme was approved as part of MTFP(10) in line with the council policy of developing a two-year rolling capital programme. The need to continue to invest in capital infrastructure is seen as an essential means of maintaining and regenerating the local economy whilst supporting job creation. Additional investment will maintain and improve infrastructure across the county, help retain existing jobs, create new jobs and ensure the performance of key council services are maintained and improved.
- 175 After considering all factors, including the availability of capital finance, MOWG has recommended that the following additional value of schemes be approved for inclusion in the MTFP(11) capital programme. Full details of the additional schemes can be found in Appendix 9.

Table 14 – Additional Capital Schemes for 2021/22 to 2022/23

Service	2021/22	2022/23	TOTAL
	£m	£m	£m
CYPS	0.759	21.001	21.760
NCC	2.310	20.971	23.281
REG	1.168	39.157	40.235
RES	0.000	2.620	2.620
TOTAL	4.237	83.749	87.986

- 176 The new schemes detailed in Appendix 9 will ensure that the council continues to invest in priority projects and essential maintenance programmes. Examples of additional investments are detailed below:
- (a) **Leisure Centre Investment (2022/23 - £13.1 million)** – the Leisure Review has recommended significant investment in the council’s leisure centres, including new build and major refurbishment. Initially it was forecast that the cost of the programme would be £62.8 million although the cost forecasts are currently undergoing a full review and are forecast to be higher. In MTFP(10) an initial £26 million was included in the programme with the MTFP(11) bid of £13.1 million supplementing this sum. It is still forecast that net additional income of £1.6 million will be generated from the new and enhanced facilities which will contribute to the capital costs on a partially self-financing basis. Additional capital budgets will be required from future MTFP’s;
- (b) **Spennymoor Primary School replacement (2022/23 - £5.8 million)** – The current Ox Close Primary and Oxclose Nursery schools are proposed for replacement with a new nursery and primary school on a new site. The forecast capital cost is estimated at £13.1 million with an initial investment for design and other upfront costs of £1.4 million included in MTFP(10). This additional investment

of £5.8 million will enable the building to begin construction in with a further bid for £5.9 million being required for MTFP(12);

- (c) **Belmont Community School and Belmont C.E. Primary (2021/22 - £0.4 million and 2022/23 - £8 million)** – the total scheme is forecast to cost £34 million. The secondary school is in a poor state of repair with a substantial requirement for urgent work if it is to remain in use. It was identified in 2014 as a priority for a national bid to the Priority School Build fund which was unsuccessful as the scheme was massively oversubscribed. It is the top priority for a new build identified through the Education Review. The site of the current secondary school also creates the opportunity for a campus development incorporating Belmont C.E. Primary, also a CLASP design school on the same site. The design and siting of the new campus will enable both schools to continue to operate from their current sites during construction. The initial bid for MTFP(11) of £8.4 million will enable the finalisation of design and the beginning of construction. Additional bids of a forecast £25.6 million will be required to future MTFP's;
- (d) **Highways and Infrastructure Maintenance (2022/23 - £17.6 million)** - additional funding of £5 million will be invested to supplement the LTP grant of £11.556 million alongside an additional £1 million for streetlight column replacement. Highways maintenance investment will also be supplemented by the additional £2.5 million one off revenue investment in 2021/22;
- (e) **Council House Building Programme (2021/22 - £0.9 million and 2022/23 - £3.6 million)** – a report on 14 October 2020 to Cabinet approved the reopening of the Housing Revenue Account (HRA) and a commitment to build 500 new homes over a five year period to 2025/26. It is forecast that the total capital programme will be circa £70 million with £17.5 million of grant funding to be sought from Homes England. To ensure the developments are self-financing in the HRA, general fund capital support of £12.5 million will be required over the five-year period. This £4.5 million is the first tranche of this support;
- (f) **Town and Village regeneration (2022/23 - £3.375 million)** – funding will be provided to support the emerging strategy to support our town and village centres. The funding will enable consideration to be given to how the council can support the need to refocus our town and village centres.

177 After taking into account the adjustments detailed in this report and the additional schemes, the MTFP(11) capital budget and its financing will be as follows:

Table 15 – New MTFP(11) Capital Programme

Service Grouping	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
AHS	0.000	0.338	0.000	0.000	0.338
CYPS	22.977	22.579	21.523	0.000	67.079
NCC	43.713	37.315	21.139	0.000	102.167
REG	69.211	97.178	97.431	9.761	273.581
RES	3.610	26.060	9.929	1.700	41.299
TOTAL	139.511	183.470	150.022	11.461	484.464
Financed by					
Grants and Contributions	55.022	49.580	39.944	0.655	145.201
Revenue and Reserves	29.901	9.535	5.174	4.375	48.984
Capital Receipts	6.645	15.166	10.340	0.000	32.151
Borrowing	47.943	109.189	94.564	6.431	258.128
TOTAL	139.511	183.470	150.022	11.461	484.464

Recommendations

178 It is recommended that Members:

- (a) approve the revised 2020/21 capital budget of £139.511 million and the 2021/22 Capital Budget of £183.470 million;
- (b) approve the Capital Strategy at Appendix 8;
- (c) approve the additional capital schemes detailed at Appendix 9. These schemes will be financed from additional capital grants, one off revenue funding and from prudential borrowing;
- (d) note the option for the council to utilise capital receipts to finance severance costs utilising the available flexibilities in this regard. The utilisation of such flexibility would require the approval of Cabinet;
- (e) approve the MTFP(11) Capital Budget of £484.464 million for 2020/21 to 2023/34 as detailed in Table 15.

2021/22 Savings Proposals

Adult and Health Services

- 179 In 2021/22 savings of £0.974 million are included in the revenue budgets, consisting of a continuation of savings built into MTFP(10).
- 180 The service continues to be faced with a significant amount of change, including continuing demographic pressures arising from an ageing population with increasingly complex needs and support requirements, and closer partnering arrangements between health and social care.
- 181 MTFP savings in previous years have been implemented to ensure that services to vulnerable service users are protected whilst the budget savings are achieved. In keeping with this principle, the only AHS saving planned for 2021/22 relates to an existing MTFP saving for £0.974 million, mainly from commissioning and contract reviews.
- 182 AHS will however need to accommodate its share of the corporate saving to reduce car mileage costs, where budgets will be reduced by £41,075 next year.

Children and Young People's Services

- 183 In 2021/22 savings of £1.265 million are included in the revenue budgets.
- 184 The most significant element of savings, totalling £1.155 million, will be achieved in 2021/22 through the rationalisation and reshaping of structures within 'Education Support & Development' (£0.875 million), the Youth Offending Service' (£0.2 million) and within 'Early Help, Inclusion & Vulnerable Children' (£0.08 million). In anticipation of these significant savings, which primarily relate to staffing structures, detailed plans have been developed and implemented that have already delivered full year savings of £0.980 million. The remainder of these restructure savings will be realised through careful management of anticipated vacancies during the 2021/22 financial year.
- 185 This ongoing process of prioritisation of financial support provided to qualifying private nursery providers is planned to deliver additional savings of £0.050 million in 2021/22 and a similar figure in 2022/23.
- 186 The review and implementation of the services policy for payment of Special Guardianship Orders has helped the service support carers with assistance at appropriate levels at key periods to ensure the carers and children receive the financial support they need but in the process reducing the carers ongoing dependence on the allowances in the longer term. This development of the services policy and approach has improved support for carers and achieved efficiencies that will contribute a further £0.050 million in 2021/22 towards the MTFP savings targets.
- 187 A further £0.010 million of efficiencies will be realised during 2021/22 through the review and rationalisation of accommodation and venue costs which will be realised as the service continues to adopt and benefit from enhanced technology and more efficient new ways of working.

- 188 In addition, the service will also accommodate its share of the corporate saving to reduce car mileage costs, where budgets will be reduced by £119,075 across CYPS next year.

Neighbourhoods and Climate Change

- 189 In 2021/22 savings of £0.627 million are required. The service continues to be faced with a significant amount of change and has sought to protect front-line services as much as possible in developing its savings proposals.
- 190 The 2021/22 proposals include additional income from Bereavement Services (£175,000), and also income and associated savings from the introduction of a garden composting service (£100,000). The service will also generate additional fee income of £300,000 from the management of the LTP Capital Programme.
- 191 Areas where further efficiency reviews will be carried out in 2021/22 include a small-scale service restructure in Clean & Green (£27,0000), together with procurement efficiencies associated with the Joint Stocks Landfill Site (£25,000).
- 192 Beyond 2021/22 there are further savings of £104,000 planned, associated with small scale service restructures within the service.
- 193 Whilst every effort has been made to minimise the impact on frontline services in previous years and this remains the case in 2021/22, this is becoming increasingly difficult to sustain.
- 194 In addition, the service will also accommodate its share of the corporate saving to reduce car mileage costs, where budgets will be reduced by £29,750 across NCC next year

Regeneration, Economy and Growth Services

- 195 In 2021/22 savings of £0.800 million are included in the revenue budgets.
- 196 The service continues to be faced with a significant amount of change and has sought to protect front-line services as much as possible in developing its savings proposals.
- 197 £0.450 million of this will be achieved through restructuring activity within Development and Housing, with £0.250 million to be achieved from additional income and efficiencies in the rental of commercial business space.
- 198 The remaining £0.100 million of savings will be achieved by additional income from bus shelter advertising.

- 199 The Regeneration, Economy and Growth service grouping will also accommodate its share of the corporate saving to reduce car mileage costs, where budgets will be reduced by £32,075 next year.

Resources

- 200 In line with the views of the public, the council has consistently prioritised higher savings targets from back office services.
- 201 In 2021/22, a further £0.946 million of savings are included in the revenue budgets.
- 202 £0.700 million of this will be achieved through restructuring activity and non-staffing budget reductions within Legal and Democratic Services, Internal Audit and Risk, Finance and Transactional Services, Corporate Finance and Commercial Services and within Digital and Customer Service areas.
- 203 £0.100 million will be achieved by a review of the Financial Management System software licencing and support arrangements.
- 204 The remaining £0.145 million of savings will be achieved by factoring in the full year impact of the dedicated Internal Enforcement Agent Service for the collection of Council Tax, Business Rates, parking fines & fixed penalty notices, commercial rents, sundry debt and Housing Benefit overpayments and from SLA income. The Enforcement service was established part way through 2020/21 and the full year anticipated savings were spread over two financial years.
- 205 The Resources service grouping also manage a range of additional savings from corporate areas. In 2021/22 additional savings of £0.378 million are proposed.
- 206 The 2021/22 corporate savings relate to the second phase of savings linked to the unitisation and review of Business Support functions (£0.350 million) and a reduction in Car Mileage budgets (£0.250 million), which has been applied to all service areas, with £28,025 allocated to Resources.

Resources – Centrally Administered Costs

- 207 In 2021/22 savings of £0.100 million are included in the revenue budgets.
- 208 These savings involve reductions in Centrally Administered Costs across a range of budget heads, including corporate subscriptions and bank charges, which are currently underspending.

Recommendation

- 209 It is recommended that Members:

- (a) note the approach taken by service groupings to achieve the required saving.

Equality Impact Assessment of the Medium-Term Financial Plan

- 210 Consideration of equality analysis and impacts is an essential element that members must consider in approving the savings plans set out at Appendix 3. This section updates Members on the outcomes of the equality analysis of the MTFP (11) savings proposals.
- 211 The aim of the equality analysis process is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation;
 - (b) identify any mitigating actions which can be taken to reduce negative impact where possible;
 - (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions;
 - (d) ensure the effective discharge of the public sector equality duty.
- 212 As in previous years, equality analysis is considered throughout the decision-making process, alongside the development of MTFP(11). This is required to ensure MTFP process decisions are both fair and lawful. The process is in line with the Equality Act 2010 which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires us to make reasonable adjustments for disabled people.
- 213 In addition, the public sector equality duty requires us to pay 'due regard' to the need to:
- (a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 214 Savings and investment proposals presented at Appendix 3 have been subject to equality impact analysis where necessary.
- 215 A number of successful judicial reviews of the actions taken by other councils has reinforced the need for robust consideration of the public

sector equality duty and the impact on protected characteristics in the decision making process. Members must take full account of the duty and accompanying evidence when considering the MTFP proposals.

- 216 In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:
- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;
 - (b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
 - (c) objectively consider any negative impacts and alternatives or mitigation actions so that they support fair and lawful decision making;
 - (e) are closely linked to the wider MTFP decision-making process;
 - (f) build on previous assessments to provide an ongoing picture of cumulative impact;

Impact Assessments for MTFP(11) Savings Proposals

- 217 Savings proposals for MTFP(11) have few equality implications as they mainly involve use of income generation such as maximising charges of technical services and income from bus shelter advertising, savings on supplies such as machinery hire and mini restructures with minimal staff impact and no service delivery impact.

Adult and Health Services (AHS)

- 218 There is no expected equality impact of AHS savings proposals. Fair treatment of any staff affected will be ensured through agreed corporate HR change management procedures.

Children and Young People's Services (CYPS)

- 219 There is no expected equality impact of CYPS savings proposals. Savings which involve mini staff restructures have minimal impact and include small reductions in staff hours and/or the deletion of vacant posts with no impact expected on service provision. Fair treatment of staff will be ensured through agreed corporate HR change management procedures.

Neighbourhoods and Climate Change (NCC)

- 220 There is no expected equality impact of NCC savings proposals. Savings which involve mini staff restructures have minimal impact and include small reductions in staff hours and/or the deletion of vacant posts with no impact

expected on service provision. Fair treatment of staff will be ensured through agreed corporate HR change management procedures

Regeneration, Economy and Growth (REG)

- 221 There is no expected equality impact of REG savings proposals. Savings which involve mini staff restructures have minimal impact and include small reductions in staff hours and/or the deletion of vacant posts with no impact expected on service provision.

Resources (RES)

- 222 Savings in Resources are not expected to have a service user impact. Savings which involve mini staff restructures have minimal impact and include small reductions in staff hours and/or the deletion of vacant posts with no impact expected on service provision. Fair treatment of staff will be ensured through agreed corporate HR change management procedures

Corporate (COR)

- 223 There is no expected equality impact of COR savings proposals.

Cumulative Impacts

- 224 Equality impacts from proposed changes are relatively minor this year but we also consider ongoing cumulative impacts. Carrying out equality impact assessments on MTFP proposals helps us to reflect on cumulative impact across the range of protected characteristics and compare with previous years. Throughout the previous period of austerity, the approach of the Council has been to keep the impact of savings on front line services to a minimum, and this has greatly reduced equality impact on those with a protected characteristic.
- 225 Recent examples aimed at mitigating impact include the introduction of 'DURHAM 4 communities', which helps the Voluntary and Community Sector (VCS) to access funding allowing this sector to remain sustainable. Furthermore, we have been piloting a new alliance approach to procuring support from the VCS for mental health services putting them in greater control of what we pay for.
- 226 Where service reductions have been unavoidable, impacts generally related to loss of, or reduced access to, a particular service or venue, travel to alternative provision, increased costs or charges and service re-modelling including reductions in staff. Although changes have the potential to affect all protected characteristics, because they are more likely to affect those on low income, people without access to personal transport and those reliant on others for support there was disproportionate impact in relation to disability, age (younger and older) and sex (male and female but

more likely women due to increased care responsibilities and older populations being disproportionately female).

- 227 Generally, previous changes to universal services such as street lighting or bin collection are less likely to have a disproportionate impact on any one specific group. However, there are exceptions, such as reductions in contracted public bus services, changes to libraries' opening hours and changes to leisure centres. Dedicated services such as social care, day care and home to school transport sometimes have disproportionate impacts for particular groups such as people with a disability and women, and those with a caring responsibility, and we have taken steps to monitor the impact and mitigate where possible.
- 228 The council will also monitor and consider the direct and indirect emerging impacts of the COVID pandemic and on residents, service users and staff. Initial indications are the recent Public Health crisis exacerbates existing inequalities. However, these additional and emerging needs will be analysed and communicated through equality analysis and EIAs.
- 229 It should also be noted that some service remodelling can improve choice and access for some and/or increase independence such as our reablement service which promotes rehabilitation and prevention. Service redesign such as this can help mitigate against existing inequities.

Key Findings and Next Steps

- 230 Equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible.
- 231 There will be continued focus on equalities issues as we move into future years of this MTFP, with equality impacts revisited and reviewed each year as appropriate. In many cases impact assessments are initial screenings with a full impact assessment to follow at the point of decision, once all necessary stakeholder consultation has been completed.
- 232 Where proposals are subject to multi-stage decision making, or subject to consultation, the relevant impact assessments will be updated as further information becomes available. Final EIAs will also be considered in the final decision-making process.

Recommendations

- 233 It is recommended that Members:
- (a) note the key equality analysis as summarised in this report and consider impacts of proposed savings on staff and residents.

Workforce Considerations

- 234 MTFP(1), which covered the period from 2011 to 2015, originally forecast a reduction in posts of 1,950 against a savings target of £123.5 million. Since MTFP(1) however, the savings requirements have increased significantly with the revised savings targets up to the end of the MTFP(11) planning period (2024/25) now being £286 million. It is currently forecast that by the end of 2021/22 the reduction in post numbers will be circa 3,000 of which circa 700 will have been achieved through the removal of vacant posts.
- 235 Further detailed planning is underway to identify the required savings for future years and recognising the principles adopted to date in workforce reduction exercises within service groupings, the council will take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce in these next stages of change.
- 236 The continued approach of forward planning, retaining vacant posts in anticipation of any required change, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce will minimise wherever possible the necessity for compulsory redundancies in the process. Furthermore, the more generic some of the workforce become, pools for redeployment will become wider enabling the organisation to facilitate workforce reductions and change easier through volunteers.
- 237 In addition, the way that work is organised and jobs are designed will continue to be reviewed by service groupings and this is being supported by some strategic HR initiatives such as moving more towards generic posts, smarter working practices and maximising efficiencies across the workforce through new ways of working, skills development and use of technology. This will ensure that as changes continue to be made, the council maximises the capacity of the remaining workforce.

Pay Policy

- 238 The Localism Act 2011 requires the council to prepare and publish a pay policy statement annually which sets out the authority's policy relating to the remuneration of its Chief Officers and how this compares with the policy on the remuneration of its lowest paid employees.
- 239 The first policy document was required to be approved by a resolution of the council prior to 31 March 2012 and the policy must then be updated and published by the end of March for each subsequent year, although the policy can be amended by a resolution of the council during the year.
- 240 The Act requires that in relation to Chief Officers the policy must set out the authority's arrangements relating to:
- (a) the level and elements of remuneration for each Chief Officer;

- (b) remuneration of Chief Officers on recruitment;
- (c) increases and additions to remuneration for each Chief Officer;
- (d) the use of performance-related pay for Chief Officers;
- (e) the use of bonuses for Chief Officers;
- (f) the approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority;
- (g) the publication of and access to information relating to remuneration of Chief Officers.

241 The Pay Policy Statement, as updated, is set out at Appendix 10 which will be for council consideration and outlines the details for the authority in line with the above requirement.

Recommendations

242 It is recommended that Members:

- (a) approve the Pay Policy Statement at Appendix 10

Risk Assessment

243 The council has previously recognised that a wide range of financial risks need to be managed and mitigated across the medium term. The risks faced are exacerbated by the council's responsibility for business rates and council tax support. All risks will be assessed continually throughout the MTFP(11) period. Some of the key risks identified include:

- (a) ensuring the achievement of a balanced budget and financial position across the MTFP(11) period;
- (b) ensuring savings plans are risk assessed across a range of factors e.g. impact upon customers, stakeholders, partners and employees;
- (c) there is no certainty over the quantum of government funding available for local government beyond 2021/22. Given the pressures faced, particularly from social care, it is imperative that the quantum is increased and that a long-term settlement is agreed as part of the expected 2021 Comprehensive Spending Review;
- (d) the outcome of the government's Fair Funding Review which is expected to be implemented in 2022/23. This review could result in significant changes to the distribution of government funding;
- (e) the localisation of council tax support which passed the risk for any increase in council tax benefit claimants onto the council. Activity in this area will need to be monitored carefully with medium term projections developed in relation to estimated volume of claimant

numbers. At this stage the coronavirus pandemic has resulted in a reduction in the council tax base for the first time since the council took on responsibility for council tax support ;

- (f) the council retaining 49% of all business rates collected locally but also being responsible for settling all rating appeals including any liability prior to 31 March 2013. Increasing business rate reliefs and the revised 'check and challenge' appeals process continue to make this income stream highly volatile and will require close monitoring to fully understand the implications upon MTFP(11). The council will also be impacted by any move to 75% BRR from 50%. The coronavirus pandemic is again expected to have an impact in the medium term on business rate income, especially once furlough is withdrawn in April 2021;
- (g) the impact of future increases in inflationary factors such as the National Living Wage and pay awards which will need to be closely monitored;
- (h) the council continuing to experience increases in demand for social care services. Although some allowance is made for demand increases across the MTFP(11) period this issue will need to be closely monitored;
- (i) the funding position for the High Needs Dedicated Schools Grant. It is hoped that the government fully recognises this pressure as part of the Comprehensive Spending Review;
- (j) it is not possible to be clear at this point as to any long-term impact from the coronavirus on council costs but especially council income. This will be closely monitored in the coming months with any ongoing impact needing to be built into future MTFP plans;
- (k) the impact of Brexit, which could affect future government finance settlements, business rate income, price inflation and European funding.

Recommendations

244 It is recommended that Members:

- (a) note the risks to be managed over the MTFP(11) period.

Dedicated Schools Grant (DSG) and School Funding 2021/22

245 DSG is a specific earmarked grant provided by the government which provides the major source of direct funding for schools and also funding for the support provided to them by the council.

246 The DSG is split into four funding 'blocks': Schools, Central School Services, High Needs and Early Years. The schools block is ring-fenced, but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block, with the approval of the Schools Forum. Movements from the Central School Services Block to the Schools Block or from the High Needs Block to any other block are not subject to any statutory limits and can be made in consultation with the Schools Forum. Movement from the Early Years Block can be made in compliance with the early years pass through rate conditions and in consultation with the Schools Forum.

Schools Block

247 The Schools Block funds the funding formula for mainstream primary and secondary schools in respect of the education of pupils from Reception to Year 11. Funding for these schools is currently distributed according to a local formula determined by the council, after consultation with the Schools Forum and individual schools.

248 The local formula must comply with statutory regulations and there are limitations over what factors can be applied in the local formula, which significantly limits the discretion of local authorities in determining their local formulas and currently requires that at least 80% of funding is distributed through factors related to pupil numbers and needs.

249 The local formula set by the council is consistently applied to all mainstream schools (maintained and academy) and primarily is driven by pupil numbers and profiles of those pupils. DSG funding is provided to academies on an academic year basis whereas maintained schools receive their DSG funding on a financial year basis.

250 In September 2017, the government announced that local formulas would be replaced by a National Funding Formula (NFF) from 2019/20. The replacement of local formulas has however subsequently been delayed and local authorities will continue to set local formulas for 2021/22. The DfE is expected to consult during the spring term about its plans for replacing local formulas.

251 The government has encouraged local authorities to move their local formulas towards the NFF and since 2018/19 DSG allocations to local authorities' Schools Blocks have been based on notional NFF allocations for individual schools. These notional allocations cannot be fully replicated in local formulas because the notional allocations are set in advance of the availability of the pupil numbers and other data that are used in the actual formula.

252 For 2021/22 the basic entitlement per pupil in the NFF has been increased to replace the Teachers Pay Grant and Teachers Pensions Employer Contribution Grants. This means that the funding formerly distributed

through these grants is now built into the baseline funding for future years, but the Government does not intend to provide similar grants in the future and schools and academies will have to meet the costs of future pay awards and increases in pension contributions from within their formula funding. The increases in respect of TPG/TPECG are £180 per primary pupil and £265 per secondary pupil and increase funding by £13.911 million.

- 253 The Schools Block allocation for Durham in 2020/21 has increased by £25.065 million:

Table 16 – Changes in Schools Block Allocation

Reason for change	£ million
Pupil numbers	1.158
Units of funding / pupil	10.385
TPG/TPECG	13.911
Premises factors	0.075
Growth	(0.464)
TOTAL	25.065

- 254 In addition to the TPG/TPECG funding added to the Schools Block, funding changes year on year because of changes to the NFF, which affect the Units of funding; the values used in the NFF have increased by 3% next year following the additional national funding for schools announced in the autumn and confirmed in the draft settlement published in December 2020. Funding for premises factors is largely based on historic funding allocations.
- 255 Funding is also provided to recognise that it is sometimes necessary to adjust funding to individual schools to take account of significant growth in pupil numbers at the start of the following academic year, which is not reflected in formula funding because pupil numbers are based on the School Census from the previous October.
- 256 Growth funding can be provided to meet basic need but cannot be used to support schools whose numbers are increasing through parental choice. The council has made an adjustment to the funding for Framwellgate Moor Primary School in respect of growth for 2021/22.
- 257 In response to the original timetable for the planned replacement of local formulas, the council considered its approach to setting a local formula. Prior to 2018/19 changes to the formula were relatively minor, to minimise turbulence in funding for schools from year-to-year.

- 258 After consultation with the Schools Forum, schools and the Children and Young People's Overview and Scrutiny Committee, Cabinet decided in December 2017 to adopt a transitional formula from 2018/19. The intention was to reduce the differences between the local formula as was and the NFF over a managed period of time so that schools do not experience a cliff-edge in respect of funding allocations when the NFF replaces local formula. In December 2018, Cabinet agreed to slow the rate of transition from the local formula to the NFF in response to delays in the replacement of local formulas, with the intention of the local formula being aligned with the NFF from 2021/22, instead of 2020/21.
- 259 For 2019/20, the council consulted schools and the Schools Forum about options for the local formula and also about applying for a transfer from the Schools Block to the High Needs Block (HNB), to address a shortfall in funding for the HNB, which provides funding for pupils with high cost Special Educational Needs (SEN). The council proposed a 0.5% (£1.5 million) transfer from the Schools Block to the HNB, but this proposal was rejected by the Schools Forum in December 2018. Subsequently the council made an application to the Secretary of State for Education for a 0.5% transfer however this application was not agreed.
- 260 For 2020/21, the council initially intended to make a further proposal for a 0.5% transfer but following the announcement of an increase in HNB funding for 2020/21 and in consultation with the Schools Forum, Cabinet agreed on 11 December 2019 not to pursue this proposal.
- 261 For 2020/21, Cabinet also agreed to continue with the transitional formula and, following feedback from the Schools Forum, to use a transitional rate of protection through the Minimum Funding Guarantee, which provides a minimum increase in funding per pupil for schools of 1.17%. This does not protect schools with falling rolls, who will still see a reduction in funding.
- 262 For 2021/22, Cabinet agreed on 18 November 2020 to continue the planned transition, so the local formula for 2021/22 is as closely aligned to the NFF as is possible within the funding allocated. This includes a Minimum Funding Guarantee of a minimum 2% increase in funding per pupil.
- 263 The draft formula to be applied in 2021/22, which is subject to approval from the DfE, is summarised in the table.

**Table 17 – Mainstream Primary and Secondary Funding Formula
2021/22**

	Element (P = Primary, S = Secondary)	2021/22 Mainstream School Funding formula			
		Pupils / eligible pupils	Factor values £	Allocation	
				£ million	
Basic funding per pupil	KS1 & 2 (P)	38,760.75	3,168.56	122.816	35.63%
	KS3 (S)	15,995.00	4,468.25	71.470	20.74%
	KS4 (S)	10,178.00	5,035.40	51.250	14.87%
Deprivation	Free School Meals (P)	11,525.76	466.71	5.379	1.56%
	Free School Meals (S)	6,493.00	466.71	3.030	0.88%
	FSM6 (P)	12,500.39	583.39	7.293	2.12%
	FSM6 (S)	8,382.07	852.25	7.144	2.07%
	IDACI Band F (P)	5,376.66	218.14	1.173	0.34%
	IDACI Band E (P)	6,478.70	263.79	1.709	0.50%
	IDACI Band D (P)	4,273.06	415.98	1.778	0.52%
	IDACI Band C (P)	3,159.35	451.49	1.426	0.41%
	IDACI Band B (P)	3,701.19	481.93	1.784	0.52%
	IDACI Band A (P)	2,377.23	629.04	1.495	0.43%
	IDACI Band F (S)	3,599.46	314.52	1.132	0.33%
	IDACI Band E (S)	4,183.93	421.05	1.762	0.51%
	IDACI Band D (S)	2,759.41	588.46	1.624	0.47%
	IDACI Band C (S)	1,976.21	639.19	1.263	0.37%
	IDACI Band B (S)	2,401.41	689.92	1.657	0.48%
IDACI Band A (S)	1,480.84	877.62	1.300	0.38%	
English as an Additional Language	Primary	613.51	558.02	0.342	0.10%
	Secondary	97.05	1,506.66	0.146	0.04%
Mobility	Primary	82.44	913.13	0.075	0.02%
	Secondary	-	1,308.82	-	-
Low Prior Attainment	Primary	11,259.57	1,110.97	12.509	3.63%
	Secondary	5,236.31	1,684.22	8.819	2.56%
Minimum per-pupil funding				0.992	0.29%
Total for pupil-led factors				309.367	89.76%
Lump sum	Primary	212.00	117,800.00	24.974	7.25%
	Secondary	31.00	117,800.00	3.652	1.06%
Sparsity				0.496	0.14%
Total for school-led factors				29.121	8.45%
Total for premises factors				6.184	1.79%
Total funding				344.672	100.00%

264 Pupil numbers and the numbers of pupils who attract additional needs funding are taken from the October 2020 schools census and are provided by the DfE.

265 Further information relating to the factors included in the table above is outlined below:

- (a) Free School Meals provides funding based on the number of pupils recorded as eligible for a free meal in the preceding October's school census;
- (b) FSM6 is a measure of deprivation and provides funding based on the number of pupils who have been recorded as eligible for Free School Meals on any school census in the last six years;
- (c) IDACI (Income Deprivation Affecting Children Index) is a subset of the Index of Multiple Deprivation. In accordance with statutory regulation there are seven bands in the formula, with Band A being for the pupils most likely to suffer deprivation and Band G being the lowest band. Regulations do not allow funding for Band G;
- (d) English as an Additional Language funding is provided where pupils have been recorded as having English as an Additional Language in any of the last three years;
- (e) Mobility funding is provided where schools have had significant pupil movements during the academic year, based on data from the last three years' school censuses;
- (f) Low Prior Attainment funding is provided where pupils have not met the expected standard of attainment in their previous phase of education;
- (g) Minimum per pupil funding provides additional funding where the total of pupil-led funding plus the lump sum and sparsity funding falls below a minimum value, which has been set at £4,180 for primary schools and £5,415 for secondary schools, These values are mandatory for all local formulas and are of concern to the council because they favour larger schools with relatively low numbers of pupils with additional needs;
- (h) Sparsity funding is provided for small schools in sparsely populated areas. In Durham this only assists schools in the Dales; and
- (i) Premises-led factors provide funding for rates, split-site schools, the PFI contract affordability gap, and an exceptional factor for a school that shares its sports facilities with a leisure centre.

Central School Services Block (CSSB)

266 The CSSB funds local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:

- (a) funding previously allocated through the retained duties element of the Education Services Grant (ESG);

- (b) funding for ongoing central functions, such as admissions, previously top-sliced from the school's block; and
- (c) residual funding for historic commitments, previously top-sliced from the school's block.

267 2021/22 funding for historic commitments has reduced by a further 20% in addition to the 20% reduction applied in 2020/21. The 2021/22 reduction for Durham is £0.119 million against historic commitment funding in 2020/21 of £0.593 million. The funding was used to fund prudential borrowing costs relating to the Building Schools for the Future programme and the Team Around the School provision for secondary schools. Funding for prudential borrowing has been maintained and this is expected to continue, but funding to Team Around the School is already less than the annual cost and is likely to be reduced to nil from 2022/23. The council is considering options for the future of Team Around the School in light of the withdrawal of this funding.

High Needs Block (HNB)

268 There are enduring pressures on High Needs Block (HNB) of the Dedicated Schools Grant (DSG), which provides funding for SEND and inclusion support services for children and young people in County Durham.

269 The High Needs Block provides funding for pupils with high cost Special Educational Needs (SEN), i.e. those pupils requiring provision in specialist settings costing more than £10,000 per year or those pupils in mainstream primary and secondary schools whose provision costs more than £6,000 per year. The SEN provision that is funded from the High Needs Block is as follows:

- (a) specialist placements in out-of-county settings;
- (b) place based funding for special schools;
- (c) targeted and top-up funding to reflect additional costs for individual pupil support in both special and mainstream schools; and
- (d) SEN support services.

270 The council is currently spending £59.15 million on SEND and inclusion services, which is £1.9 million more than the funding it receives. The accumulated deficit at 31 March 2021, relating to overspending in previous years and the shortfall in the current year, is forecast to be £7.639 million.

271 In 2019/20 the council invested £5.6 million from the Budget Support Reserve to supplement HNB DSG funding, but from 2020/21, local authorities are prohibited from making contributions to supplement HNB DSG funding.

- 272 The HNB allocation for 2021/22 is £8.456 million higher than 2020/21, however it is still anticipated that HNB expenditure may be in excess of this and therefore savings will be required to ensure spending is kept within available budget and to repay the deficit that has been accumulated in recent years when the HNB funding levels were insufficient to meet statutory demand.
- 273 The council anticipates being able to recover the deficit that has been accrued by 2023/34.

Early Years

- 274 The Early Years Block provides funding for universal provision for three and four year old children (up to 570 hours per annum) and extended provision for children from eligible working families (up to a further 570 hours per annum). The services are delivered by maintained nursery schools, nursery units in primary schools and academies, and Private, Voluntary and Independent (PVI) sector providers.
- 275 On 25 November 2020 the Chancellor announced details of how an investment of £44 million of early years funding for 2021/22 will be distributed to local authorities to increase the hourly rates paid to Childcare providers for the governments free childcare entitlement offers. The rate for two-year olds will increase by 8p per hour and the rate for three and four-year olds will increase by 6p per hour. This will mean an additional £321,000 of funding for County Durham in 2021/22 when compared to the 2020/21 allocation.
- 276 Funding is also provided through the Early Years Block to provide free early education places for eligible two-year-olds from lower income households. The allocation is based on participation and a provisional allocation has been provided by the DfE based on census data taken in January 2020. The DfE will not announce the actual 2021/22 allocations until July 2021, which will be based on the number of eligible children participating in early education recorded in the January 2021 census.
- 277 Early Years Pupil Premium is also funded through the Early Years Block and a provisional allocation has been provided by the DfE, again based on the 2020/21 allocations. As with the other elements of the Early Years funding, the 2021/22 final allocation will not be announced until the summer, based on the number of eligible children recorded in the January 2020 pupil census. The funding rate of £0.53 per hour in 2020/21 continues into 2021/22, which equates to £302.10 for each eligible child taking up the full 570 hours of state funded early education.
- 278 As part of the Early Years National Funding Formula, the council is required to implement a universal base rate for all providers. This is of concern to maintained nursery schools, which have higher costs than other providers, (e.g. the cost of employing a head teacher) and which currently receive

additional funding through a formula; the formula includes a deprivation element, a lump sum and an allowance for rates.

- 279 The DfE have recognised that maintained nursery schools provide a high-quality provision, often in deprived areas and has allocated supplementary funding in addition to National Funding Formula to ensure that authorities can continue to provide funding to these schools through a formula in 2021/22.

Pupil Premium

- 280 Pupil Premium for pupils older than early years, is provided for a number of categories of need. For schools and academies in Durham the funding for 2020/21 is £28.088 million. Pupil Premium rates per pupil for 2021/22 will remain the same as for 2020/21 and are shown in the following table:

Table 18 – Pupil Premium Rates

	£ / eligible pupil 2021/22
Deprivation Pupil Premium – Primary	£1,345
Deprivation Pupil Premium – Secondary	£955
Looked After Children	£2,345
Children adopted from care or who have left care	£2,345
Service Children	£310

- 281 The numbers of pupils eligible for pupil premium for 2021/22 will be provided by the DfE later in the year (in the summer term). Pupils eligible in the current year are:

Table 19 – Pupil Premium Numbers

	Number of eligible pupils
Deprivation Pupil Premium – Primary	12,099
Deprivation Pupil Premium – Secondary	8,586
Looked After Children	702
Children adopted from care or who have left care	745
Service Children	718

Total Dedicated Schools Grant (DSG)

- 282 DSG and Pupil Premium funding for 2021/22 is shown in the following table.

Table 20 – DSG and Pupil Premium Funding

DSG Block	Pupils	Allocation £ million
Early Years Block (3-4 yr olds-universal)	6,997	17.748
Early Years Block (3-4 yr olds-working parents)	3,177	8.059
Early Years Block (2 yr olds)	1,796	5.487
Early Years Block (EYPP)		0.396
Early Years Block (Maintained Nursery School supplement)		1.148
Early Years Block (Disability Access Fund)		0.169
Schools Block		344.598
High Needs Block		65.690
Central School Services Block		3.027
Total DSG		446.321
Pupil Premium (2020/21 figure)		28.088
TOTAL		474.409

283 The total funded through the mainstream primary and secondary formula in the table is £344.672 million. This includes the £344.598 million shown above, plus adjustments totalling £0.74 million in respect of funding set aside in previous years for estimated non-domestic rates and growth that was not required.

284 Primary and secondary formula funding for Academies in County Durham for 2021/22 is £159.121 million. This funding is recouped by the Education and Skills Funding Agency, who then provides this funding directly to academy trusts as part of the General Annual Grant, leaving £315.288 million of DSG funding payable to the council for maintained schools, and centrally-distributed Early Years, SEND and other centrally provided services. The total recouped will be adjusted during the year for subsequent academy conversions.

Recommendation

285 It is recommended that Members:

- (a) note the position on the Dedicated Schools Grant;
- (b) approve the local formula for schools set out in table 17 and authorise the Corporate Director of Resources to approve any amendments required following review by the DfE.

Local Council Tax Support Grant Funding 2021/22

- 286 It was agreed by Cabinet on 18 November 20 that the remaining funding from the Government's Hardship Fund (Durham was allocated £6.964 million in the current year), be used to provide support to economically vulnerable people and households during the Covid-19 pandemic, in the form of providing an enhanced hardship scheme for recipients of Council Tax Reduction; would be used in order to continue to offer support during 2021/22, albeit at a lower level than what has been provided in the current year.
- 287 Members will be aware that in the current year working age Local Council Tax Reduction (LCTR) recipients who have been left with a bill to pay have been receiving a further reduction in their 2020/21 council tax bill of up to £300.
- 288 For most authorities, with less generous / supportive LCTR schemes, awards of up to the £150 only have been provided, which was the support recommended by the Government when the grant was made available.
- 289 Benchmarking with other North East local authorities has shown that Durham is the only authority in the region to offer residents support in excess of the £150 recommended by the Government.
- 290 To ensure that the hardship funding was used to support the most vulnerable in our county, £1 million of the grant received was set aside to supplement the council's Welfare Assistance Scheme, anti-poverty and community resilience measures in 2020/21, leaving £5.964 million of grant to provide additional support to residents through the LCTR top up support payments.
- 291 As part of the 18 November 2020 Cabinet report, it was reported that awards of up to £300 had been made to 12,624 households, with additional support totalling £3.1 million at that stage.
- 292 The Council's benefits system automatically calculates and awards awards, based on the outstanding council tax liability after LCTR, for the period starting on the start date of LCTR entitlement in 2020/21 up to 31 March 2021. As new LCTR claims are assessed, new hardship payments of up to £300 are made alongside automatically. As LCTR claims are recalculated due to changes in residents' circumstances, hardship payments are automatically adjusted as required.
- 293 The continued impact of Covid-19 on the local economy, with the imminent withdrawal of the furlough scheme and the implementation of local restrictions in recent months brings additional pressure on employers, and risks increases in unemployment. We are expecting high volumes of claims for LCTR to continue and for the working age caseload to remain high into 2021/22.

- 294 Modelling undertaken at that time to enable the Council to continue to provide additional support during periods of continued economic uncertainty identified that the council was expected to have around £1.8m of the Covid-19 hardship funding allocated to LCTR top up payments unspent by the end of 2021.
- 295 In order to ensure full use of the hardship funding and with continuing uncertainty surrounding the economy and increased pressure on household incomes; agreement was given by Cabinet on 18 November 2020 to continue the LCTR hardship top up payments to LCTRS claimants in 2021/22 at a rate of up to £100.
- 296 In the provisional local government finance settlement, the council received confirmation of a 2021/22 Local Council Tax Support grant of £7.040 million. This grant is non ring fenced but is expected to be utilised to cover local authority tax bases losses but also to provide flexibility in being able to support council tax payers during the ongoing coronavirus pandemic.
- 297 The council has forecast a neutral position on tax base for 2021/22 which provides flexibility in continuing with the current LCTS support. It is therefore proposed that the Council utilises the grant to continue to support financially vulnerable households and provide up to £300 of support for working age LCTR claimants for 2021/22 also. A revised Hardship Policy is attached as Appendix 11 to this report to support administration of these payments.
- 298 Based on our forecast of LCTR claimants for 2021/22 and taking account of the increase in Council Tax for next year, it is estimated that the cost of providing the Hardship payments will be approximately £5.5 million. Including the residual sum available from the Hardship Funding from 2020/21, this will leave £3.3 million of funding, from which it is proposed £1.4 million is allocated to the Area Action Partnerships (£100,000 each) to support local community anti-poverty and covid-19 recovery interventions, with the remaining amount allocated to the Welfare Assistance Scheme to support the Poverty Action Plan and measures to assist the most vulnerable households across the county.

Recommendation

- 299 It is recommended that Members:
- (a) agree to continue with the current £300 Local Council Tax Support top up scheme in 2021/22;
 - (b) note the allocation of £1.4 million to AAP's from the Local Council Tax Support Grant in 2021/22 to invest in local anti-poverty and coronavirus response initiatives

Prudential Code, Treasury Management and Property Investment

- 300 This section outlines the council's prudential indicators for 2021/22 to 2024/25, sets out the expected treasury operations for this period and provides details on the council's Property Investment Strategy. The content fulfils five legislative requirements:
- (a) the reporting of the prudential indicators, setting out the expected capital activities as required by the CIPFA Prudential Code for Capital Finance in Local Authorities as shown at Appendix 11;
 - (b) the cash investment strategy which sets out the council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance and is also shown in Appendix 11;
 - (c) the Treasury Management Strategy statement which sets out how the council's treasury service will support the capital decisions taken above, the day-to-day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the 'Authorised Limit', the maximum amount of debt the council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by section 3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Appendix 15;
 - (d) the council's Minimum Revenue Provision (MRP) Policy, which sets out how the council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007) as shown at Appendix 11;
 - (e) the Property Investment Strategy seeks to ensure that the council only enters into investments which provide a reasonable level of return for the council after considering all risks as part of a robust business case and due diligence process. The Property Investment Strategy is appended at Appendix 12. A separate report included on the Cabinet Agenda sets out an update on the Councils activity in line with this strategy.
- 301 The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

Recommendations

302 It is recommended that Members:

- (a) agree the Prudential Indications and Limits for 2021/22 – 2024/25 contained within Appendix 11 of the report, including the Authorised Limit Prudential Indicator;
- (b) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 11 which sets out the council's policy on MRP;
- (c) agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 11;
- (d) agree the Cash Investment Strategy 2020/21 contained in the Treasury Management Strategy (Appendix 11 including the detailed criteria);
- (e) approve the Property Investment Strategy at Appendix 12.

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Appendix 1: Implications

Legal Implications

The council has a statutory responsibility to set a balanced budget for 2021/22. It also has a fiduciary duty not to waste public resources.

Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report seek to ensure that the council's policy is in line with legislative requirements. Any changes to the Discretionary Rate Relief and Hardship Relief Policies need to be approved by Cabinet.

Finance

The report sets out various recommendations on the 2021/22 Budget and for the MTFP(11) period 2021/22 – 2024/25.

Consultation

Full information on the MTFP(11) consultation process are contained in the report.

Equality and Diversity / Public Sector Equality Duty

Under section 149 of the Equality Act 2010 all public authorities must, in the exercise of their functions, "have due regard to the need to" eliminate conduct that is prohibited by the Act. Such conduct includes discrimination, harassment and victimisation related to protected characteristics but also requires public authorities to have due regard to the need to advance equality of opportunity and foster good relations between persons who share a "relevant protected characteristic" and persons who do not. This means consideration of equality analysis and impacts is an essential element that Members must take into account when considering these savings proposals

Climate Change

The report details an additional £1.5 million investment for 2021/22. This investment is in addition to the financial investment set out in the council's Climate Change Emergency Response Plan.

Human Rights

Any human rights issues will be considered for each of the proposals as they are developed and decisions made to take these forward. There are no human right implications from the information within the report.

Crime and Disorder

It is recognised that the changes proposed in this report could have a negative impact on crime and disorder in the county. However, the council will continue to work with the Police and others through the Safe Durham Partnership on strategic crime and disorder and to identify local problems and target resources to them.

Staffing

The impact of the MTFP upon staffing is detailed within the report.

Accommodation

The council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan. Financing for capital investment priorities is reflected in the MTFP Model.

Risk

A robust approach to Risk Assessment across the MTFP process has been followed including individual risk assessment of savings plans.

Procurement

Wherever possible procurement savings are reflected in service groupings' savings plans.

Appendix 2: Consultation

AAP	Meeting	Overview
1. Durham City	15.10.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Level of comfort can be drawn from DCC's financial management and approach very reasonable.
2. Spennymoor	15.10.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Appreciation that DCC's approach is in line with best considerations for the community in challenging times. ○ Reiterated support for DCC from AAP.
3. East Durham Rural Corridor	22.10.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Question regarding contingency in the budget for the potential increasing cost of the care package in reference to current court case regarding Mencap regarding sleep-in costs.
4. 4 Together	04.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Suggestion for DCC to consider public education around the scale of the challenge faced, to provide a better understanding of how budgets are allocated and balanced, and where money is spent. ○ Appreciation for DCC's approach to financial management over the last 10 years, particularly in dealing with ongoing austerity measures. ○ Celebration of achievements to be recognised, with example of Free School Meal voucher scheme in supporting more than 10,000 children.
5. Stanley	11.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further comments/questions: <ul style="list-style-type: none"> ○ Specific acknowledgement that it is a sensible approach and AAP happy to hold a specially arranged Board Meeting to solely look at the Budget and MTFP if needed.

AAP	Meeting	Overview
6. Teesdale	11.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Reiterated commitment to involvement in consultation in the future. ○ Specific acknowledgement that Councils approach is especially focused on safeguarding of frontline services. ○ Appreciation that DCC's approach is measured manner meaning we are better placed to face challenges. ○ Question asked regarding percentage of the reserves used to cover the shortfall.
7. East Durham	11.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Appreciation for DCC's approach is to financial management. ○ Comparisons to other local authorities in relation to Section 144 notices ○ Appreciation for approach specifically in protecting front line as fear of cuts to services and VCS not able to breach the gap. AAP funding to lever large resources a consideration.
8. 3 Towns	12.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Question asked regarding recent report that one in five councils would be able to meet their budget needs without cutting back front-line services. It was questioned if DCC was one of those. ○ Question asked regarding £5million pay award for DCC employees. ○ Question asked regarding the borrowing from the capital program and whether some of these are creating capital revenue. ○ Question and discussion regarding public health funding.
9. Bishop Auckland Shildon	12.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Question regarding administration of additional financial support for care homes, intake of new care homes residents regarding health and safety considerations. ○ Additional information requested regarding the £20million invested last year in relation to the return and ethical or green investment. ○ Discussion regarding the legal requirements of a budget reserve. ○ Discussion regarding the Local Government Finance Settlement 21/22 position.

AAP	Meeting	Overview
10. Weardale	19.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ AAP offered thanks to DCC for the clarity of the presentation.
11. Chester Le Street	24.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. <ul style="list-style-type: none"> ○ No further comments made.
12. Great Aycliffe and Midridge	24.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Question asked regarding the rationale for 'prudential borrowing' of £2m, when DCC hold more in reserves. ○ Further detail was requested on the breakdown of the expenditure/budgets highlighted for Adults Wellbeing & Health and Children & Young Peoples Services, specifically in relation to the number of children in care outside of the area and the costs associated. ○ Suggestion made that further consultation in early 2021 could potentially warrant more thorough consultation than solely via email.
13. Mid Durham	25.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Concern about the economic future and the challenging times ahead with specific questions regarding prudential borrowing. ○ Reiterated commitment to any involvement in consultation in the future.
14. Derwent Valley	25.11.2020	<ul style="list-style-type: none"> • Consensus gained that the AAP is in agreement to approach to budget planning as outlined in the MTFP presentation. • Consensus gained that the AAP is happy to participate in consultation in early 2021 if needed. • Further discussion, comments and questions: <ul style="list-style-type: none"> ○ Special thanks to DCC for prudent approach towards managing the Council's financial position. ○ Reference made to other local authority areas that are in financial difficulties at this time. ○ Concern expressed that financial challenges facing the public sector is having an impact on child poverty levels with query raised as to the level of spend on addressing child poverty.

Appendix 3: MTFP11 Savings Plans

Adult and Health Services				
Savings Proposal	Description	2021/22	2022/23	TOTAL
Commissioning Efficiencies	Review of contractual and staffing arrangements across Adult and Health Services.	974,125	0	974,125
Total - Adults & Health Services		974,125	0	974,125
Children and Young People Services				
Savings Proposal	Description	2021/22	2022/23	TOTAL
Restructure of Education Support and Development Teams	Review and restructuring of the Education Support service to align the structure with future requirements and priorities	780,000	0	780,000
Review of support to Private and Voluntary Sector Nursery Providers	Realignment of the current budget to meet existing and anticipated future years demands. Targeting support to priority areas to maximise the impact	50,000	50,000	100,000
Restructure of Youth Offending Service	Review of the County Durham Youth Justice Service to establish a new service delivery model aligned to priorities. Rationalising the internal management structure of the service and reshaping front line delivery structures	200,000	0	200,000
Review of social care allowances budget	Savings from SGO allowances budget	50,000	0	50,000

Savings Proposal	Description	2021/22	2022/23	TOTAL
Review of employee budgets in Early help, Inclusion and Vulnerable Children Services	Savings from vacancies and reductions in hours across Early help, Inclusion and Vulnerable Children Services.	80,000	0	80,000
Cross service review of costs	Reduction in Accommodation and related costs	10,000	0	10,000
Review of employee budgets in Education and Skills	Savings from vacancies and reductions in hours	95,000	0	95,000
Total - Children & Young People Services		1,265,000	50,000	1,315,000
Neighbourhood and Climate Change				
Savings Proposal	Saving Description	2021/22	2022/23	TOTAL
Employee Review - Environment & Design	Review of posts and mini-restructuring / reprofiling of staffing quotas as appropriate.	0	75,000	75,000
Partnership and Community Engagement and CCU	A review of Partnership and Community Engagement and Civil Contingencies Unit	0	28,835	28,835
Increased Income - Durham Crematorium	The increased income will arise from the Crematorium Committee increasing the distributable surpluses to the constituent authorities,	175,000	0	175,000
Review of expenditure at Joint Stocks	Savings in Machinery Hire and Maintenance of Power Generation equipment at Joint Stocks	25,000	0	25,000
Review of employee costs in Clean and Green	Restructure in Clean & Green	27,000	0	27,000
Review of options for garden waste composting	Additional income and costs savings from In-House Garden Waste Composting	100,000	0	100,000

Savings Proposal	Saving Description	2021/22	2022/23	TOTAL
Review of charging of works to capital	Maximise charging of Strategic Highways Staff to LTP Capital	300,000	0	300,000
TOTAL - NCC		627,000	103,835	730,835
Regeneration, Economy and Growth				
Savings Proposal	Saving Description	2021/22	2022/23	TOTAL
HQ Saving	The development of the new Council HQ will generate savings in the running cost of the new building combined with the current costs incurred. The saving will be delivered in 2022/23.	0	275,000	275,000
Increased Income - bus shelter advertising	Replace external agency with an in-house team to sell advertising on bus shelters would allow the council to realise the income currently received by the agency. This team would have the potential to grow to billboard advertising, boundary sign advertising, roundabout advertising and digital advertising thereby increasing the offer to the local population.	100,000	120,000	220,000
Increased Income and efficiencies in rental of Business Space	The Council's commercial property portfolio is projected to increase rental income that would be used to support appropriate savings. Efficiencies can also be realised from the team that manage the rental of commercial property.	250,000	40,000	290,000
Review of employee costs in Development & Housing	Savings generated from a Staffing Restructure	450,000	0	450,000
TOTAL - REG		800,000	435,000	1,235,000

Savings Proposal	Saving Description	2021/22	2022/23	TOTAL
Resources				
Savings Proposal	Description	2021/22	2022/23	TOTAL
Staffing and Non-Staffing Budget Reductions	A restructure of Internal Audit and Risk, including a review of income budgets as the Internal Audit Service is now providing services to additional external clients.	5,828	0	5,828
Software Licencing - changes to Oracle Licensing and support arrangements	A review of Oracle licencing will enable a reduction in licence costs.	100,000	0	100,000
Supplies and Services	A review of supplies and services budgets across all teams within Digital and Customer Services	35,257	0	35,257
In House Enforcement (Bailiff) Services currently undertaken by Equita and Jacobs	This proposal involves providing an "in-house" Enforcement Agents (Bailiff) service, for the collection of appropriate Council Tax, Business Rates and Sundry Debts, which are currently outsourced to two external Enforcement Agents, to create a Durham County Council led service.	135,000	0	135,000
Strategy and Transformation Team Restructures	A further review of employee resources	0	68,051	68,051
Review of employee costs in service accounting teams	Employee savings in Service Finance Teams	26,750	0	26,750
Expansion of accounting service offer to schools and NECA	Increased income from SLAs with Schools and NECA	10,800	0	10,800
Employee review in payments teams	Restructure and downsizing of Payments, Income & Support Teams	90,759	0	90,759

Savings Proposal	Saving Description	2021/22	2022/23	TOTAL
Employee review in Assessments and Awards	Restructure of and downsizing Assessments & Awards Teams	128,644	0	128,644
Review off expenditure budgets in Finance and Transactional Services	Review / Reduction of Non-Staffing Budgets including provision for outsourced packages	235,000	0	235,000
Review of employee budgets in Strategic Finance	Employee budget saving in Systems Finance Team	28,000	0	28,000
Review off expenditure budgets in ICT	Review / Reduction of Non-Staffing Budgets	50,067	0	50,067
Review off expenditure budgets in Legal and Democratic Services	Review / Reduction of Non-Staffing Budgets	100,000	0	100,000
TOTAL - RESOURCES		946,105	68,051	1,014,156
Chief Executive's Office				
Savings Proposal	Description	2021/22	2022/23	TOTAL
Communication and Marketing team restructure	A further review of employee resources across the Communications and Marketing Teams.	0	95,114	95,114
TOTAL - Chief Executive's Office		0	95,114	95,114

Corporate Savings				
Savings Proposal	Description	2021/22	2022/23	TOTAL
Business Support Review	A new business support function has been created which will carry out a range of business process reviews to identify and deliver a range of efficiency savings in the delivery of business support. .	350,000	1,450,000	1,800,000
Review of Centrally Administered Costs	Reduction in Corporate Subscriptions and other centrally administered costs including bank transaction charges	100,000	0	100,000
Review of car mileage budgets	It is forecast that increased home working will enable a reduction in mileage also contributing to reduced carbon emissions.	250,000	250,000	500,000
TOTAL - CORPORATE		700,000	1,700,000	2,400,000
TOTAL COUNCIL SAVINGS FOR MTFP (11)		5,312,230	2,452,000	7,764,230

Appendix 4: Budget Summary by Service Grouping

2020/21 Original Budget £000	2020/21 Projected Outturn £000		2021/22		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		<u>Council Controlled Budgets</u>			
129,627	141,827	Adult and Health Services	380,385	246,767	133,618
1,823	2,068	Chief Executive's Office	3,001	1,620	1,381
123,877	136,114	Children and Young People's Services	268,462	134,586	133,876
108,622	123,791	Neighbourhoods and Climate Change	191,418	85,687	105,731
52,770	68,916	Regeneration, Economy and Growth	155,666	106,036	49,630
25,705	30,530	Resources	119,264	97,839	21,425
4,498	4,901	Corporate Costs	11,582	7,204	4,378
8,155	1,853	Contingencies	10,337	0	10,337
455,077	510,000		1,140,115	679,739	460,376
		<u>Non Council Controlled Budgets</u>			
0	0	Schools	262,833	262,833	0
0	0	Benefits	116,039	116,039	0
0	0		378,872	378,872	0

2020/21 Original Budget £000	2020/21 Projected Outturn £000		2021/22		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
455,077	510,000	NET COST OF SERVICES	1,518,987	1,058,611	460,376
-65,068	-65,068	Reversal of Capital Charges			-62,797
-2,900	-2,550	Interest and investment income			-2,900
36,614	60,188	Interest payable and similar charges			38,416
		<u>Levies</u>			
15,462	15,466	North East Combined Authority			15,554
460	459	Environment Agency - Flood Defence			461
69	71	North East Inshore Fisheries Conservation Authority			72
439,714	518,566	NET OPERATING EXPENDITURE			449,182
-56,083	-56,083	Business Rates - local share			-57,304
-72,780	-72,780	Top up Grant			-72,780
-28,070	-28,070	Revenue Support Grant			-28,227
0	-17,521	COVID-19 Support Grant tranche 1-use of earmarked reserves			0
0	-27,081	COVID-19 Support Grant tranches 2 and 3			0
0	-6,000	COVID-19 Income Guarantee Grant			0
-1,740	-1,740	Estimated net Surplus on Collection Fund			-1,514
-7,564	-7,564	New Homes Bonus			-4,476
-11,713	-12,539	Section 31 Grant			-11,415
0	0	Lower Tier Services Grant			-747
0	0	Local Tax Income Guarantee			-514

2020/21 Original Budget £000	2020/21 Projected Outturn £000		2021/22		
			Gross Expenditure	Gross Income	Net Expenditure
			£000	£000	£000
-17,652	-17,652	Adult/Childrens Pressures Grant			-22,888
-7,700	-33,905	Use of Earmarked Reserves			-7,946
-1,954	854	Use of Cash Limit Reserves			-105
0	-4,027	Use of General Reserve			
234,458	234,458	AMOUNT REQUIRED FROM COUNCIL TAXPAYERS			241,266

Appendix 5: Budget Summary by Expenditure and Income Type

	Original Budget 2020/21	2020/21 Projected Outturn Position	Original Budget 2021/22
	£000	£000	£000
Employees	561,387	537,905	508,917
Premises	53,923	53,013	51,301
Transport	46,738	45,265	47,514
Supplies & Services	130,374	118,236	113,654
Agency & Contracted	417,221	457,987	427,505
Transfer Payments	163,446	168,763	166,814
Central Costs	106,669	120,684	126,507
Direct Revenue Financing	2,330	2,739	3,641
Capital Charges	65,068	65,068	62,797
Contingencies	8,155	1,853	10,337
GROSS EXPENDITURE	1,555,311	1,571,513	1,518,987
Income			
- Specific Grants	607,033	593,687	548,157
- Other Grants & contributions	78,298	89,406	83,208
- Sales	11,349	4,052	7,235
- Fees & charges	103,391	84,983	104,257
- Rents	9,208	8,144	9,086
- Recharges	282,668	274,349	296,878
- Other	8,287	6,892	9,791
Total Income	1,100,234	1,061,513	1,058,612
NET COST OF SERVICES	455,077	510,000	460,375
Capital charges	-65,068	-65,068	-62,797
Interest and Investment income	-2,900	-2,550	-2,900
Interest payable and similar charges	36,614	60,188	38,416
Levies			
North East Combined Authority	15,462	15,466	15,554
Environment Agency - Flood Defence	460	459	461

	Original Budget 2020/21	2020/21 Projected Outturn Position	Original Budget 2021/22
	£000	£000	£000
North East Inshore Fisheries Conservation Authority	69	71	72
Net Operating Expenditure	439,714	518,566	449,181
Movement in Reserves:			
Use of Earmarked Reserves	-7,700	-33,905	-7,946
Use of Cash Limit Reserves	-1,954	854	-105
Use of General Reserve	0	-4,027	0
Net Budget Requirement	430,060	481,488	441,130
Financed by:			
Business Rates - local share	-56,083	-56,083	-57,304
Top up Grant	-72,780	-72,780	-72,780
Revenue Support Grant	-28,070	-28,070	-28,227
COVID-19 Support Grant tranche 1- use of earmarked reserves	0	-17,521	0
COVID-19 Support Grant tranches 2 and 3	0	-27,081	0
COVID-19 Income Guarantee Grant	0	-6,000	0
Amount required from council tax payers	-234,458	-234,458	-241,266
Estimated Net Surplus on Collection Fund	-1,740	-1,740	-1,514
New Homes Bonus	-7,564	-7,564	-4,476
Section 31 Grant	-11,713	-12,539	-11,415
Lower Tier Services Grant	0	0	-747
Local Tax Income Guarantee	0	0	-514
Adult/Childrens Pressures Grant	-17,652	-17,652	-22,888
Total Financing	-430,060	-481,488	-441,131

Appendix 6: MTFP(11) 2021/22 – 2024/25 Model

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Government Funding				
Revenue Support Grant and Fair Funding Review	0	4,000	4,000	4,000
Social Care Additional Funding	-5,250	0	0	0
Local Council Tax Support Grant	-7,040	7,040	0	0
Reduction in Benefit Admin Grant	0	100	100	100
Reduction in Home Office Grant - Elections	60	0	0	0
Revenue Support Grant - Inflation Uplift	-150	0	0	0
Bus. Rates / S31 - CPI increase (0.5%/1%/1%/1.5%)	-350	-500	-500	-750
Top Up - CPI increase (0.5%/1%/1%/1.5%)	-400	-700	-700	-1,050
New Homes Bonus	3,100	2,731	1,745	0
Lower Tier Services Grant	-740	0	0	0
Other Funding Sources				
Council Tax Increase - 1.99% + 1.00% ASC 21/22 & 2% 22/23	-6,900	-9,400	-4,800	-4,900
Council Tax/Business Rate Tax Base increase	0	-1,500	-2,000	-3,000
Estimated Variance in Resource Base	-17,670	1,771	-2,155	-5,600
Pay inflation (0.25% shortfall in 20/21 then 2%)	5,100	4,650	4,800	4,950
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,800	3,900	4,000	4,100
Base Budget Pressures				
National Living Wage	850	4,400	4,600	2,500
Employers Pension Contributions	0	0	3,000	0
Pension Fund Auto Enrolment costs	0	500	0	0
Social Care System Licenses	100	0	100	0
Adults Service Fees and Demographic Pressures	4,000	1,000	1,000	1,000
Childrens Services Demographic Pressures	5,000	1,500	1,500	1,500
Regional Adoption Agency	50	0	0	0
Home to School Transport	1,640	0	0	0
Virtual School Expansion	226	0	0	0
CYPS SEND and Social Care Staffing	1,200	0	0	0
Former LeisureWorks related costs	500	0	0	0
1Life Insourcing	350	0	0	0
Road and Street Work Permit Scheme	91	0	0	0
Winter Maintenance	1,000	0	0	0

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Neighbourhoods Regradings and Budget Pressures	1,000	0	0	0
Joint Stocks Income	350	0	0	0
Withdrawal of Police Commissioner funding for ASB	130	0	0	0
Legal Staffing	300	0	0	0
Loss of School SLA Income and Sales support	400	100	0	0
Unfunded Superannuation	-100	-100	-100	-100
Prudential Borrowing	1,000	3,000	3,000	3,000
Net Collection Fund Position after 75% Grant applied	0	1,284	0	-1,284
Short Term Investments				
Investment in climate change initiatives	0	-1,500	0	0
Additional investment in highways infrastructure	0	-2,500	0	0
Investment in Housing Initiatives	0	-500	0	0
Investment in clean and green neighbourhoods	0	-1,000	0	0
Investment in reducing poverty and inequality	0	-1,500	0	0
Investment in library services	0	-1,000	0	0
Investment in Childrens services initiatives	0	-1,000	0	0
Other One Off Initiatives	0	-1,000	0	0
Further Investment in Towns & Villages	5,000	-5,000	0	0
Local Council Tax Support and Poverty Investment	7,040	-7,040	0	0
Culture and Sport Investment	-10,000	0	0	0
TOTAL PRESSURES	29,027	-1,806	21,900	15,666
Use of One Off funds				
Adjustment for use of BSR in previous year	2,733	3,778	0	0
Use of Budget Support Reserve	-3,778	0	0	0
Use of Earmarked Reserves - Towns & Villages	-5,000	5,000	0	0
Savings				
Savings Agreed in MTFP(10)	-3,135	-2,202	0	0
MTFP(11) Savings	-2,177	-250	0	0
SURPLUS FUNDS (-)/ SAVINGS SHORTFALL	0	6,291	19,745	10,066
TOTALSHORTFALL				36,102

Appendix 7: Current Council Capital Programme

Scheme	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
ADULT AND HEALTH SERVICES				
Drug & Alcohol Premises Upgrade	0	338,000	0	0
ADULT AND HEALTH SERVICES TOTAL	0	338,000	0	0
CHILDREN AND YOUNG PEOPLE'S SERVICES				
Bowburn New Build Primary	7,066,195	2,448,702	0	0
Building Schools for the Future	189,259	530,349	0	0
Childrens Services - Planning & Service Strategy	2,212,842	534,677	0	0
DFE School Capital Incl Basic Need	6,082,043	15,089,348	522,201	0
DFE Special Provision Capital Fund	2,386,516	0	0	0
Early Help, Inclusion & Vulnerable Children	90,000	0	0	0
Early Years Provision	630,479	0	0	0
Healthy Pupils Capital Fund	72,830	45,040	0	0
Increased Provision for Two Year Olds	10,000	0	0	0
Private Finance Initiative	39,977	0	0	0
School Devolved Capital	3,303,648	2,269,134	0	0
Secure Services	104,063	0	0	0
Support for Childrens Homes	761,050	830,171	0	0
Thirty Hours Free Childcare	27,900	72,382	0	0
CHILDREN AND YOUNG PEOPLE'S SERVICES TOTAL	22,976,802	21,819,803	522,201	0

Scheme	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
NEIGHBOURHOODS AND CLIMATE CHANGE				
AAP Capital Budgets	618,043	336,000	0	0
AAP Initiatives	47,249	6,129	0	0
AAP Schemes – EH&CP	7,200	0	0	0
AAP Schemes – Environmental Services	133,620	56,675	0	0
Community Buildings	205,772	750,598	0	0
Consett Community Facilities	14,120	100,000	0	0
Environment & Design	2,512,202	258,686	0	0
Environmental Health & Consumer Protection	23,624	82,527	0	0
Highway Operations	1,444	0	0	0
Members Neighbourhood Fund	3,791,847	1,764,000	0	0
Nevilles Cross Community Centre	0	83,000	0	0
Sherburn Hill Community Centre	45,882	0	0	0
Strategic Highways	26,360,733	24,532,235	0	0
Strategic Highways Bridges	8,329,897	2,040,449	0	0
Street Scene	256,671	676,804	0	0
Sustainability & Climate Change	793,862	511,919	0	0
Vehicle and Plant	144,639	1,303,514	0	0
Waste Infrastructure Capital	426,439	2,501,621	167,555	0
NEIGHBOURHOODS AND CLIMATE CHANGE TOTAL	43,713,244	35,004,157	167,555	0

Scheme	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
REGENERATION, ECONOMY AND GROWTH				
Beamish Capital Project	38,440	591,573	852,340	4,295,736
Capitalised Structural Maintenance	3,591,781	5,550,000	1,084,618	0
Chapter Homes	4,885,000	870,000		0
Culture and Museums	2,677,852	3,586,519	737,952	0
Disabled Facilities/Financial Assistance	4,616,287	6,735,709	2,500,000	0
Eastgate	0	0	150,000	360,830
Housing Development	832,294	839,223	2,939,000	0
Housing Renewal	3,430,464	3,526,489	625,000	200,147
Industrial Estates	6,704,332	4,300,701	2,714,525	0
Leisure Centres	356,967	13,082,026	13,122,974	0
Local Transport Plan - Integrated Transport	1,902,299	3,196,500	0	0
Minor Development & Housing Schemes	168,000	180,000	0	0
Minor Strategy Programmes & Performance Schemes	54,511	255,000	353,409	1,700,000
Minor Transport & Contracted Services	155,963	0	0	0
New Council Headquarters	21,298,365	15,695,865	1,870,524	2,158,239
North Dock Seaham	72,284	379,808	0	0
Office Accommodation	2,077,050	2,092,993	1,000,000	40,000
Outdoor Sports & Leisure Facilities	154,002	76,995	0	0
Town centres	3,596,064	10,922,779	1,905,288	0
Town & Village Centres	825,524	2,697,315	403,987	0
Transport - Major Schemes	11,773,381	21,430,820	27,314,473	1,005,817
Woodham Community Technology College	0	0	700,386	0
REGENERATION, ECONOMY AND GROWTH TOTAL	69,210,860	96,010,315	58,274,476	9,760,769

Scheme	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
RESOURCES				
Applications and Development	8,519	0	0	0
Big Data	121,801	0	0	0
Broadband / Digital Durham	570,594	9,078,581	0	0
Code of Connection Compliance	160,107	270,000	0	0
Corporate Mail Fulfilment	55,015	0	0	0
Customer Relation Management System	8,000	1,778,327	0	0
Dark Fibre installations and Circuit/Microwave Upgrades	0	165,640	0	0
Durham History Centre	207,000	9,725,851	7,149,248	1,700,000
End Device Patching	152,000	0	0	0
Homeworking	91,506	700,000	0	0
ICT Business Continuity	13,392	0	0	0
ICT Performance Management	0	200,000	0	0
ICT Service Desk Replacement	60,000	240,000	0	0
ICT Technical Services	385,000	388,500	160,000	0
Integrated Customer Service Programme	55,000	165,450	0	0
Middleware Software - Enterprise Application Integration	35,000	215,000	0	0
Migration of HR/Payroll Functionality	57,290	24,515	0	0
Mobile Device Management	184,372	0	0	0
Ongoing Server Replacement	410,812	826,000	0	0
Replacement of Desktop ICT Equipment	1,007,253	2,079,400	0	0
Sharepoint Architecture	0	23,031	0	0
Switching Replacement	27,246	180,000	0	0
RESOURCES TOTAL	3,609,907	26,060,295	7,309,248	1,700,000
COUNTY COUNCIL TOTAL	139,510,813	179,232,570	66,273,480	11,460,769

Appendix 8: Capital Strategy 2021/22

Introduction

- 1 Capital expenditure is a strategic investment involving major expenditure on assets that provide benefits to the Council and the services it provides for more than one year. The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities.
- 2 The Capital Strategy provides a framework to enable the Council to consider carefully how it prioritises spending to meet corporate and service aims and objectives. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget.

Objectives for Capital Investment

- 3 The main objectives for the Capital Strategy are to:
 - a) Support the Council's vision and priority themes as set out in the Council Plan;
 - b) Support service delivery strategies;
 - c) Support asset management plans for Council assets;
 - d) Ensure that investments are affordable and sustainable;
 - e) Ensure use of resources and value for money is maximised;
 - f) Support 'Invest to Save' opportunities;
 - g) Encourage inward investment into County Durham.

The Council's Corporate Vision and Priorities

- 4 The Council Vision and priorities are developed together with partners and which are based on consultation with local people and Area Action Partnerships.

- 5 The County Durham Partnership has carried out a refresh of its vision for the county followed extensive consultation with partners and key stakeholders which included:
- All 14 area action partnerships
 - 11 County Durham Partnership thematic partnerships and sub-groups
 - 11 other groups including Cabinet Transformation Board and Corporate Overview and Scrutiny Management Board with invitation extended to all other non-executive members
- 6 The agreed Vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive of each other.
- 7 The Council Plan is the primary corporate planning document for the County Council and details Durham County Council's contribution towards achieving the objectives set out in the Vision for County Durham 2035. The County Council at its meeting 21 October 2020 approved a refreshed Council Plan for 2020-23 providing Members, partners and the public a summary of our priorities for the county and informing future spending decisions in our medium-term financial plan. Both the Vision for County Durham and the Council Plan are structured around three ambitions:

More and better jobs

- Our young people will achieve their full potential by having access to good quality education and training to prepare them for employment. We will work together to help them find rewarding work and reduce the number of people living in poverty.
- We will help people to create more and better jobs by developing major employment sites across the county to build a strong, competitive and low carbon economy establishing the county as a premier place in the North East to do business.
- We will build on our successful tourist economy through culture-led regeneration to broaden the leisure experience for residents and visitors to the county. Our visitor experience will compete with the best offered by other comparable destinations.

People live long and independent lives

- Our children and young people will have the best start in life and enjoy good health and emotional wellbeing. We will work with families to make sure that children and young people with special educational needs and disabilities can achieve the best possible outcomes.

- We will design the physical environment to give people greater opportunity for exercise, and to cycle and walk more for everyday journeys. We will reduce carbon emissions and mitigate the impact of climate change on people's lives.
- We will promote positive healthy behaviours and help people to stop smoking. We will tackle the stigma and discrimination of poor mental health, build more resilient communities and promote positive mental health.
- People will be able to live independently for longer. We will further integrate the work of health and social care organisations to improve the lives of people receiving these services. We will also deliver more housing to meet the needs of older people.
- We will work to tackle health inequality across the county and close the gap in healthy life expectancy between our communities.

Connected communities

- We will deliver new high-quality housing in a range of house types and tenures including affordable homes that are accessible and meet the needs and aspirations of our residents.
- Properties in our communities will be well used. We will work with owners to help bring more empty homes back into use and ensure that privately rented homes are well managed.
- Our town and village centres will be well used, clean, attractive and safe.
- Our transport network will support cycling and walking and provide good access to workplaces, retail and leisure opportunities and will be relatively free from congestion. Widespread use of electric vehicles will reduce noise and improve air quality.
- We want our communities to remain welcoming, accept one another and build new relationships to support each other. Children will have a safe childhood and victims of crime will have access to the right services and support that they require.

8 The Capital Strategy will need to be aligned to the emerging Vision.

Identification and prioritisation of Capital Investment needs

9 The purpose of the capital budgeting process is to ensure that the money available for capital expenditure is prioritised in the way which best meets the Council's objectives.

- 10 The Council has an annual process in which it assesses and prioritises capital projects that can be funded from available resources. A key factor that is considered in the assessments is the revenue implication of capital investment.
- 11 The annual capital investment process begins in the summer of each year when service groupings are asked to identify capital investment proposals and prioritise them. The bids in the main should be for two years hence. This forward planning ensures that time is available after the approval of a bid to plan a scheme effectively. These are detailed on capital bid forms containing the following headings:
- a) Name of Scheme;
 - b) Background;
 - c) Justification of Inclusion in the capital programme;
 - d) Benefits - Outputs/Outcomes;
 - e) Investment by Financial Year;
 - f) What the impact would be if the Council did not go ahead with the proposal;
 - g) Are there any ongoing revenue costs and, if Yes, how will these be financed?
- 12 When each service grouping has identified and prioritised its own capital projects, all of the bids are consolidated. The bids are then considered for prioritisation at a corporate level under which the bids are challenged and assessed.
- 13 In the autumn of each year capital proposals are presented at a capital budget review meeting of the Capital Member Officer Working Group (MOWG) that considers capital matters.
- 14 The full timetable for capital proposals proceeding into the capital programme is as follows:

June/July	Service Groupings consider options and receive Service Management Team approval.
August	Challenge sessions between Corporate Director Resources and Corporate Directors

September	Corporate Management Team (CMT) discussion on bids and agreement of bids to go onto MOWG
October / December	MOWG consider bids submitted and sign off bids to approve
February	Cabinet and County Council approval

- 15 There is a mechanism in place at the Council where services are encouraged to drive innovation in service provision, which delivers savings and can fully meet the revenue cost of the capital investment This invest-to-save or self-financing facility can be accessed at any time, not just during the budget setting process.
- 16 A good capital proposal is likely to be one which:
- a) makes a significant contribution to the Council’s vision and priority themes;
 - b) has been thoroughly researched including utilising option appraisals and whole life costing for major projects;
 - c) considers fully the ongoing revenue implications;
 - d) has been developed in conjunction with stakeholders, including Members and any other services or partners affected;
 - e) has identified and secured external funding;
 - f) has identified realistic and achievable outcomes and outputs.

Overview of the Capital Programme

- 17 The results of the process set out above is the Council Capital Programme which is simply a set of capital projects that the Council plans to undertake within a specific timeframe. The Capital programme being presented as part of the 2021/22 budget setting process totals £485 million, and covers the financial years 2020/21 to 2023/24. The spending is broken down by service grouping and into each financial year as follows:

Service Area	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Adult and Health Services	0.000	0.338	0.000	0.000	0.338
Children and Young People's Services	22.977	22.579	21.523	0.000	67.079
Neighbourhoods and Climate Change	43.713	37.315	21.139	0.000	102.167
Regeneration, Economy and Growth	69.211	97.178	97.431	9.761	273.581
Resources	3.610	26.060	9.929	1.700	41.299
Total Capital Programme	139.511	183.470	150.022	11.461	484.464

Managing the Capital Programme

- 18 The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Briefly, this comprises the following:
- a) The Capital Programme is managed at programme and service level as well as individual project level;
 - b) Each scheme has a nominated project manager who is responsible for the successful completion of the scheme against factors such as time, budget, quality, scope and benefit;
 - c) The Senior Leadership are responsible for ensuring delivery objectives are met for all projects, but with a particular focus on ensuring that:
 - high-profile projects are delivered on time and achieve the intended outcomes;
 - good progress is being made in delivering the programme generally;
 - the overall use of capital and revenue funding is as close as possible to the plans set out in the current year's budget, the capital programme and the medium-term financial strategy.
 - d) The performance of the capital programme and implications arising from capital monitoring are brought to the attention of the Service Grouping Management team, Corporate Management Team and Cabinet;
 - e) Capital budget monitoring is reported to Cabinet on a quarterly basis, for consideration of slippage and budget amendments;

- f) At year end, the outturn position for capital schemes is determined including accommodation for any slippage and budget carry forwards. The Council's Asset Register and Statement of Accounts are updated with new acquisitions within the year;
- g) Reviews of projects are conducted once they have been completed to consider what extent the key delivery objectives – such as time, cost and quality were met. Lessons learned should be used to improve the organisation's processes for selecting, developing and delivering capital projects.

Funding of the Capital Programme

- 19 The sources of funding that may be available to finance the Council's capital programme include:
 - a) External grants and contributions;
 - b) Capital receipts from the disposal of fixed assets and VAT Shelter arrangements;
 - c) Revenue contributions.
 - d) Borrowing;

External Grants and Contributions

- 20 Grants from external sources are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress. Some capital projects are financed wholly or partly through external grants and contributions that are specific to projects and cannot be used for other purposes.
- 21 This includes specific grants from Central Government. Schools benefit from a significant amount of capital grants to fund their expansion and improvement projects. Another example is funding from the Department of Transport to fund capitalised highways maintenance and improvement works.
- 22 Also included in this category are statutory contributions from developers towards the cost of providing infrastructure or other public assets related to a development, e.g. such as funding a new play area when building a housing development.

Capital Receipts

- 23 In the main capital receipts are the proceeds from the disposal of assets, usually land and buildings. The Council's Land Disposal Strategy is expected to secure resources over the next few years through the release of surplus land and assets. The resulting capital receipts that are generated from the sale of surplus assets are an important funding source for the capital programme.
- 24 The Council's policy is to treat all capital receipts as a corporate resource, enabling the funds from all asset disposals to be used to support the priorities identified by the Council through the capital programme. This means that individual service groupings are not reliant on their ability to generate capital receipts. On that basis schemes are selected and progressed on a prioritised basis based upon council priorities.

Revenue and Reserves

- 25 Although the opportunities to fund capital expenditure directly from the base revenue budget are limited, there are occasions where service groupings fund capital expenditure through one-off revenue contributions e.g. from service grouping revenue reserves or in-year forecast underspends. Another example relates to schools, which can allocate funds from their revenue budgets to supplement the capital resources allocated to Schools improvement and expansion projects.
- 26 The Council also has earmarked reserves that can be used to support capital expenditure. These are on-off in nature and once used the financing is no longer available.

Borrowing

- 27 Local authorities are subject to a capital financing regime. This prescribes what may be classed as capital expenditure and how it may be financed. All other expenditure must be met from revenue funding. Authorities have discretion to borrow in accordance with the Prudential Code and they are required to make a prudent provision from their revenue budgets to cover their borrowing commitments. This means that the ability to borrow to finance capital expenditure is determined largely by the authority's revenue budget position.
- 28 The Council seeks to minimise the level of borrowing required to finance capital expenditure by maximising grants and contributions received, and ensuring that any surplus assets are sold. The Council can then decide how much to borrow to fund the capital programme. The current policy is to borrow only the amount that the Council consider to be prudent and affordable.

Overview of Funding of the Capital Programme

29 The table below shows how the capital programme is estimated to be financed and covers the financial years 2020/21 to 2023/24.

Funding Source	2020/21	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000	£000
Grants and Contributions	55.022	49.580	39.944	0.655	145.201
Revenue & Reserves	29.901	9.535	5.174	4.375	48.984
Capital Receipts	6.645	15.166	10.340	0.000	32.151
Borrowing	47.943	109.189	94.564	6.431	258.128
Total Financing	139.511	183.470	150.022	11.461	484.464

Conclusion

30 The arrangements set out here in the Capital Strategy provide a framework that enables the Council to allocate its capital resources to schemes that meet agreed corporate priorities. The arrangements will be subject to ongoing review to ensure they continue to meet requirements after any changes in the regulatory and financial environment.

Appendix 9: Additions to the 2021/22 – 2022/23 MTFP(11) Capital Programme

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
CYPS	CYPS School Condition Funding & Basic Need	This element of Capital Grant is paid by the DfE to LA's and is determined by both school condition and weighted pupil numbers (Condition need is highlighted by the ESFA Property Data Survey and not the LAs condition data). It is assumed that we will receive condition funding and basic need of £5.4 million.	0	5,439,974	5,439,974
CYPS	CYPS Schools Devolved Capital	This capital grant is allocated to individual schools to invest in school infrastructure.	0	1,400,000	1,400,000
CYPS	New School Build for Spennymoor	The solution to provide sufficient school places is to build a replacement school for an existing primary school but with additional capacity to respond to the shortfall in places. Site options appraisal has been carried out and a preferred site has been identified. The proposed new build would replace the existing Ox Close Nursery Primary and Nursery School and will have a capacity of 630 pupils and 52 FTE (full time equivalent) nursery places. A feasibility study has been produced which estimates the cost to be £13.1 million.	0	5,778,795	5,778,795

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
CYPS	Rebuild Belmont Community School and Belmont C.E. Primary on existing site	Both of these schools are second on the Education Review as a high priority for change. The scheme costing £34 million in total will finance a new build campus making better use of the site and replacing the current buildings with two improved school buildings. A new innovative design has been developed to make better use of the site providing a shared campus facility. It will address the poor condition of both schools and future proof them for the projected increase in pupil numbers.	386,500	8,000,000	8,386,500
CYPS	Improve WiFi Coverage within our children's home offer	The council has a number of in-house children's homes. WiFi provided within the homes is poor and new solutions to provide improved WiFi / broadband coverage have been explored. It is proposed that new access points are installed in all children's homes across our establishment. This will ensure that Homes Managers will have greater control in place for the management of WiFi for our children and young people.	30,000	0	30,000
CYPS	Capital Programme of Investment across our Children's Homes	The Authority's children's homes which provide care for Durham children and young people. Homes require an ongoing programme of capital investment to ensure that they continue to be homely, fit for purpose, offer a good quality environment for our children and young people and meet quality standards set out by Ofsted (the regulatory body)	70,000	70,000	140,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
CYPS	Additional capital funding required to complete the development of the re-provided 3 bedded children's home in Newton Aycliffe and the development of a new edge of care service	A capital receipt budget of £750,000 was agreed as part of the MTFP 10 for re-provision of 9 Cedar Drive an existing children's home in Newton Aycliffe. Remaining funding will be used to pay for a new 'edge of care home', which will prevent children and young people from entering looked after services, working with families on the edge of care on an out-reach and in-reach basis and providing planned respite to children and young people.	157,000	0	157,000
CYPS	Aycliffe Secure - Urgent Capital Works	Aycliffe Secure Centre was built in 2010/11 and the existing lift is no longer fit for puppose. The Centre requires replacement with a Category 2 lift (vandal resistant). Due to the location of the lift regular damage happens and regular repairs have to be undertaken.	115,000	0	115,000
CYPS	Aycliffe Secure Centre, Secure Arrivals Area	It is recommended that the building is extended to develop the secure arrivals area. The existing area is too low in height and cannot accommodate an ambulance in emergency situations. It is proposed to extend the building with a similar sized footprint with increased height.	0	312,106	312,106
		CYPS Sub Total	758,500	21,000,875	21,759,375

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
NCC	Joint Stocks Landfill - capping and surface water management works.	This will enable the completion of capping and water management works required by the Environment Agency. We are currently working on generating a design for capping works and this needs to go through a CQA - Construction Quality Assurance process with the Agency. Once the site is "capped" it is effectively water tight which will result in any precipitation rolling off the site rather than the current position of seeping in to the site (causing the leachate issues).	0	665,000	665,000
NCC	Morrison Busty Vehicle Workshop Refurbishment	Construction of a purpose built unit to facilitate the on-site maintenance of the HGV vehicles. The current vehicle workshops have been adapted from buildings from the former colliery. Since LGR various improvements have been undertaken to facilitate the maintenance of the diverse fleet of vehicles / plant / equipment operated by the council. In recent years the profile of the fleet has changed regarding an increase in the physical size of the HGV vehicles operated within the Refuse & Re-Cycling and Highways Maintenance service areas. This is now impacting on the vehicle workshops capacity to safely undertake the maintenance of this group of vehicles at the Morrison Busty location.	1,809,695	0	1,809,695
NCC	Department for Transport (DfT) - Local Transport Plan (LTP) - Adopted Highway Maintenance Grant Funding	The LTP Adopted Highway Maintenance Grant Funding is annual capital grant funding from the Department for Transport. The grant is provided to support local authorities with their statutory responsibility to maintain the adopted highway in a safe condition.	0	11,556,000	11,556,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
NCC	Highway Maintenance	DfT LTP Grant Funding is not sufficient for the Council to maintain the adopted highway network in an appropriate condition. Councils are expected to provide additional funding from their own resources.	0	5,000,000	5,000,000
NCC	Flood Prevention	County Durham has suffered from multiple flooding events in recent years. The frequency and severity of flooding events is predicted to increase with climate change. The Council has a significant inventory of drainage assets (highway drainage, culverts, watercourses) and riverbanks. This funding will therefore be used to maintain existing assets and for new priority schemes.	0	500,000	500,000
NCC	Countryside Estate Infrastructure Improvements	The Countryside Estate (not including Hardwick & Wharton) attracts over 3 million visits per year. The infrastructure relating to these sites is deteriorating, particularly the 75 mile of Railway Path network. Many structures relate to these including viaducts, bridges and culverts. Investment will be on interpretation & signage, structure repairs and access improvements.	250,000	0	250,000
NCC	Stanley Cemetery	Council land next to Stanley Cemetery is identified for an extension to the existing facility. Studies have been undertaken to convert the existing land to a cemetery and is required to meet the long term demands in the area. The works required include levelling off of the land, installation of roads and paths along with rafts to sit the headstones on.	100,000	150,000	250,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
NCC	Winter Maintenance - roadside forecasting and camera stations refurbishment	The roadside forecasting and camera stations are approaching the end of their useful life and require replacement to ensure the continued accuracy and forecasting to provide an efficient and effective winter service.	150,000	0	150,000
NCC	Members Neighbourhood Budget - Capital Element	In order to fulfil their roles as community champions and work in partnership with AAPs to address local priorities in their communities, since 2009 elected members have been allocated a Neighbourhood Budget alongside a smaller Member Initiative Fund. The capital allocation is £14,000.	0	1,764,000	1,764,000
NCC	Area Action Partnerships - Capital Element	AAPs have been set up to give people in County Durham a greater choice and voice in local affairs. The partnerships allow people to have a say on services, and give organisations the chance to speak directly with local communities. Each AAP receives a £24,000 capital allocation.	0	336,000	336,000
NCC	Street Lighting Column Replacement	The Council has a statutory responsibility to maintain the adopted highway in a safe condition. The probability of an individual column collapsing is very low but across a large inventory of columns such as the Council's where the condition is deteriorating, the frequency of column collapses is expected to progressively increase without any additional intervention. Unfortunately, columns occasionally collapse directly onto highway users and in these cases there is a high risk of serious injuries or fatalities.	0	1,000,000	1,000,000
NCC		NCC Sub Total	2,309,695	20,971,000	23,280,695

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Council House Building Programme	October 2020 Cabinet approved a report to begin a programme of building 500 Council houses over the period 2021 - 2026. The report identified a significant annual underprovision of over 800 affordable homes and looks at the current supply from existing RSL partners and house builders. The Council's Housing Strategy identifies a key objective of meeting this unmet need and the report concluded that the council directly contributing to increasing the supply should be implemented. The requirement for housing for older people is identified (bungalows). New affordable housing cannot be delivered without direct capital subsidy and each new home requires an average capital subsidy of £25k. Over a five year period the provision of 500 new homes therefore requires £12.5m from the Council's Capital Programme.	868,000	3,648,000	4,516,000
REG	Finance Durham Investment Fund	Finance Durham is an Investment Fund created by the Council to help deliver business growth and job creation. The fund is financed by the Council and operated on a commercial basis and as such it is intended to generate a financial return over the longer term. The fund has been designed with growing the County economy as its core function. The fund makes equity and debt investments into high growth businesses. This is the next tranche of investment as part of an overall £20 million package.	0	1,500,000	1,500,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Library Transformation	Co-location of Spennymoor Library into Spennymoor Leisure Centre. Spennymoor Library is well-used by customers but the building is dated and requires refurbishment; Spennymoor Leisure Centre is a substantial complex which, while a very busy venue, contains some comparatively under utilised spaces. This affords an ideal opportunity to rationalise built facilities and deliver a Leisure Centre and Library co-location model for Spennymoor.	0	1,272,933	1,272,933
REG	Durham - Aykley Heads Project Development	In January 2018, the Council made the decision to proceed with the development of a Strategic Employment Site. The report recommended that the Northern Zone (Phase 1) could be developed ahead of the area currently occupied by County Hall. Additional infrastructure and improvement works are required. This will include signage, landscaping works, improvements to lighting, footpaths and cycleways providing better links through the site.	0	500,000	500,000
REG	LTP - Integrated Transport	This funding is essential to deliver the Local Transport Plan and contributes to both the County Durham Plan and the Regeneration Statement. The allocation is at the core of delivery of transport improvements across County Durham .	0	2,726,500	2,726,500
REG	Disabled Facilities Grant	Disabled Facilities Grant is a mandatory grant which provides significant support to the most vulnerable client groups across County Durham. Adaptations enable clients to remain within their own homes and to live independently. Current figures advise that most grants are awarded to the over 60 age group. Support for the grant is of significant importance as it plays a key role in increasing independence and enabling clients to live at home longer.	0	3,500,000	3,500,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Structural Capitalised Maintenance	Capitalised Maintenance - Continuing programme of planned work, alterations and adaptations to reduce the backlog maintenance of the Councils non-schools property portfolio and to meet obligations under relevant legislation such as the Equalities Act and Fire Safety Orders.	0	5,500,000	5,500,000
REG	Leisure Centre Investment	The Council wishes to transform its leisure centre stock to make it more attractive to residents, getting inactive people active and keeping the already active mobile. The current stock is with a few exceptions old and in poor condition and provides a very traditional and outdated sports mix. Some of the facilities are 50 years old and need replacing, others need new activities which meet new audiences. This second tranche of investment of £13.2 million supplements the £26 million of investment included in MTFP(10) will enable consideration to be given to both new builds and refurbishment with additional income generated being utilised to assist in financing the capital investment.	0	13,198,752	13,198,752
REG	Demolition Programme	The council is committed in rationalising assets through improvement and disposal programme. When a building is no longer fit for purpose or under performing and there is no longer a business and accommodation need from the council or partners for the premises, the next step for the Council is to declare the property surplus to requirement. The disposal process can involve the demolition of a building prior to selling it off or redeveloping the site where it sits on. The council has a number buildings within the current demolition programme and a few more lined up to be programmed from next year.	0	250,000	250,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Non-Highways Structures	Maintenance of Non-highways structures recently became the responsibility of Structural Capitalised Maintenance Budget. Examples include viaducts, footbridges and culverts which are not part of the the council Highways Network. A programme of inspections is in place which assesses the condition of each asset and determines priorities of work required to maintain the assets in a safe condition.	0	250,000	250,000
REG	Durham - Aykley Heads - Demolition of County Hall	In January 2018, Cabinet agreed to create a new headquarters to allow for the development of a new business park on the Aykley Heads site. The site has been designated as a Strategic Employment Site. The contract for the demolition of County Hall is currently scheduled to commence in the sumer of 2022 and it is expected that there will be salvageable material within County Hall (e.g. aluminium window frames, parquet flooring) which could impact upon the gross/net cost of demolition.	0	500,000	500,000
REG	Town Centre Masterplan Priorities	Continue to prioritise town centre and retail sector support and key strategic public realm improvements in line with Regeneration and Economic Development Service Plan , County Regeneration Statement and adopted suite of town centre Masterplans. The programme is to continue to deliver priorities set as actions within the adopted 12 Plans and request for funding is to continue to deliver a rolling programme of works across these centres.	0	1,411,000	1,411,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Junction 60 - A1(M) Bradbury Services	There are significant congestion and safety issues at the junction, which need to be resolved. The right turn pocket issue is a significant reason related to the issues, and is on Durham's highway network, and therefore is council's responsibility to resolve. A bid has been submitted to DfT for 85% of the cost of the works which would require a 15% or £0.9 million match contribution from the council.	0	900,000	900,000
REG	Equipment and Infrastructure Replacement Programme	Recent work on life cycle costs of larger items of equipment and infrastructure repairs, which includes replacement fitness equipment and equipment in theatres. This investment will enable a rolling programme for equipment replacement and infrastructure repair.	0	125,000	125,000
REG	Consett Leisure Pool	A latent defect has been uncovered at the pool. The contractor who carried out the work Carillion no longer trades and as such the ability to recover any repair costs via the contractual arrangements is complex. In the short term the repair works are required and this investment will enable those works to be carried out. It is hoped that the full repair cost will be able to be recovered via a due legal process.	300,000	0	300,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
REG	Towns & Villages Investment	Capital investment in our town and village centres. Part driven by changes in shopping trends, transport and accessibility, and a greater focus on leisure opportunities, the challenges faced by our town centres in remaining thriving and vibrant economic centres are diverse and complex, further compounded by many long established high street names disappearing in recent years. Many of our town centres face the issue of having too much retail floor space given recent retailer failures, corporate portfolio rationalisation, slightly higher than average retail vacancy rates and the impact of the structural shift in consumer shopping patterns caused by the rapid growth in online retail. The town centre function needs to be rebalanced to provide a diverse range of functions, including employment, commercial, leisure, community, residential, healthcare and education to meet the needs and/or wishes of local communities.	0	3,375,000	3,375,000
REG	Horden Masterplan	A masterplan is being prepared to provide a range of options for improving the numbered streets area of Horden. It is anticipated that improvements will involve large scale acquisition and demolition and will be delivered over a 10 year period. Capital funds are being requested to support the delivery of the emerging masterplan and the options within it. Whilst central government funding will be essential to enable delivery of the masterplan, the Council will require funds to take some limited action, which will be better defined once the masterplan is further developed.	0	500,000	500,000
		REG Sub Total	1,168,000	39,157,185	40,325,185

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
RES	Hosted Environment Computing and Storage	The servers which support the authority's line of business systems are replaced on a rolling programme to ensure that they remain fit for purpose and can take advantage of technological developments and online hosting/cloud computing.	0	120,000	120,000
RES	End user equipment replacement	The end user equipment fleet (Desktops, Laptops and Tablet) currently consists of circa 8,800 items. This total has risen slightly due to requirements to support the agility program and the use of tablets in maintenance workshops to support the new working methods. This is replaced on a four-year cycle to ensure that the equipment is fit for purpose and delivers the service for the end users. To support the move from desktop to laptop a docking station will be needed. The move to laptops has now been instigated and as such the mix of the estate will change.	0	1,400,000	1,400,000
RES	Corporate anti-virus solution.	The corporate anti-virus solution is due for renewal. This provides a crucial defence against malware within the authority as well as helping to control data loss through device control.	0	200,000	200,000
RES	Cyber security vault expansion	The council is establishing a small cyber security vault with capacity for key data. This vault is likely to be the solution of last resort in the event of a successful cyber attack. As such the council needs to both enlarge the vault to encompass more of the estate, add additional services in the vault to check backups for evidence of cyber activity, and to increase the ability to test recovery in the vault.	0	300,000	300,000

SERVICE	SCHEME	BACKGROUND	2021/22	2022/23	TOTAL
			£	£	£
RES	Micro segmentation	NCSC guidance is to 'segment' infrastructure; this means any successful cyber breach cannot spread laterally easily (or at all). This reduces the effectiveness of the cyber attack, limits damages to the council and eases recovery.	0	250,000	250,000
RES	Unified Communications solution	Communications systems play a major part in new ways of working. As the workforce becomes more flexible and agile, communications systems will be key to maintaining strong collaborative relationships through contact with colleagues, customers and partners. Unified Communications will become the primary focus of telecommunications systems.	0	200,000	200,000
RES	Mobile 5G	Significant changes in the mobile telecommunications arena will occur with the impending change over to 5G networks. The council has been involved in initial talks with all main vendors and 5G Innovation Centre (5GIC) who developed the technology, to conduct a series a local trials the on the new networks. This has given the council the foresight into the emerging technology and potential applications it brings.	0	150,000	150,000
		RES Sub Total	0	2,620,000	2,620,000
		TOTAL	4,236,195	83,749,060	87,985,255

Appendix 10: Pay Policy

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2020/21 aimed at supporting the recruitment and remuneration of the workforce in a fair and transparent way. The policy complies with government guidance issued under the Localism Act 2011 and includes commentary on:

- the approach towards the remuneration of Chief Officers;
- the remuneration of the lowest paid employee;
- the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

The Local Government Transparency Code published in February 2015 by the government also sets out key principles for local authorities in creating greater transparency through the publication of public data. As part of the code, the government recommends that local authorities should publish details of senior employee salaries. This pay policy forms part of the council's response to transparency of senior pay through the publication of a list of job titles and remuneration.

Durham County Council is mindful of its obligations under the Equality Act 2010 and is an equal opportunity employer. The overall aim of our Single Equality Scheme is to ensure that people are treated fairly and with respect. The scheme also contains a specific objective to be a diverse organisation, which includes recruiting and retaining a diverse workforce and promoting equality and diversity through working practices. This pay policy forms part of our policies to promote equality in pay practices. By ensuring transparency of senior pay and the relationship with pay of other employees, it will help ensure a fair approach which meets our equality objectives.

In setting the pay policy arrangements for the workforce, the council seeks to pay competitive salaries within the constraints of a public sector organisation.

As a result of Local Government Reorganisation in the County, the significant opportunity existed to bring together the pay and conditions arrangements of the eight previous authorities into one cohesive pay policy for the new organisation. In response, Durham County Council's approach towards the workforce pay and conditions of employment were fundamentally reviewed and a new pay structure and revised conditions of employment for the majority of the workforce were agreed during 2012, in order to ensure that the council is able to operate as a modern, fit for purpose and streamlined organisation.

A review of higher principal officer posts across the council was also undertaken during 2018 as these posts did not form part of the job evaluation/single status exercise in 2012. The review affected Strategic Manager (Tier 4 roles) and some roles below Tier 4 and involved formal job evaluation of each post. This resulted in a new pay structure for strategic managers effective from 1 December 2018.

2 Posts defined within the Act as Chief Officers

The policy in relation to Chief Officers relates to the posts of Chief Executive, five Corporate Directors, Director of Integrated Community Services, Director of Public Health and the Head of Legal and Democratic Services (who undertakes the Monitoring Officer Role for the Authority).

3 Governance Arrangements

The Chief Officer Appointments Committee is defined within the council's constitution as performing the functions under section 112 of the Local Government Act 1972 in relation to these officers. This includes the setting of the pay arrangements for these posts and in doing so the Committee takes into account:

- the prevailing market in which the organisation operates;
- the short and long-term objectives of the council;
- the council's senior structure, financial situation and foreseeable future changes to these;
- the expectations of the community and stakeholders;
- the total remuneration package;
- the links with how the wider workforce is remunerated and national negotiating frameworks;
- the cost of the policy over the short, medium and long term.

The Committee also has access to appropriate external independent expert advice on the subject where required.

4 Key Principles

- The Chief Officer Pay policy is designed to be easily understood and to be transparent to the post holders and key stakeholders. The structure and level of the pay arrangements will enable the council to attract, motivate and retain key senior talent for the authority.
- The policy is based upon spot salaries with clear differentials between levels of work/job size, within a range that is affordable now, will remain so for the

medium term, and will be subject to review to ensure it continues to remain fit for purpose. In the first instance it is intended that the Authority will market test the rates of pay when vacancies arise, as part of consideration on whether or not roles continue to be required within the context of the council's priorities and commitments at that time.

- A values and behaviours framework is established within the organisation which links to individual job descriptions, person specifications and performance and development reviews. Leaders' behaviours are clearly defined, and this ensures that the individual standards of achievement and performance are met and clearly linked to the achievement of the council's objectives and priorities, and the authority's expectations are delivered by post holders within these roles.
- These posts do not attract performance related pay, bonuses or any other additions to basic salary. This approach enables the council to assess and budget accurately in advance for the total senior pay bill over a number of years.
- The council is currently the sixth largest single tier authority in the country and in setting the pay policy for this group, a market position has been established that aims to attract and retain the best talent available at a senior level within a national recruitment context, to lead and motivate the council's workforce that is rewarded under a nationally agreed negotiating framework.
- Roles at this level have all been subject to an externally ratified job evaluation scheme that is transparent and auditable to ensure equality proofing of pay levels.
- Other terms and conditions of employment for this group are as defined within the Joint Negotiating Committee for Chief Officers of Local Authorities Conditions of Service handbook, with discretion to set actual pay levels at a local level, but within a national negotiating framework. These posts are part of the nationally defined Local Government final salary pension scheme.

5 Pay Levels

Individual elements of the remuneration package are established as follows at the point of recruitment into the posts:

Role	Salary @ 1.4.2020
Chief Executive	£201,742
Corporate Directors	£152,669
Director of Integrated Community Services	£140,362
Head of Legal and Democratic Services	£119,954
Director of Public Health	£113,246

In addition to Chief Officers, there are a range of senior roles identified as Heads of Service that are evaluated using the same principles and scheme as the Chief Officers and these roles are remunerated at three levels based on job size.

Head of Service Level	Salary @ 1.4.2020
HOS 3	£83,424
HOS 2	£105,670
HOS 1	£119,954
HOS 1*	£116,744*

Increases are made in accordance with the appropriate Joint Negotiating Committee (JNC) Pay Agreements. The JNCs for the Chief Executives and Chief Officers both agreed a pay award of 2.75% with effect from 1 April 2020.

*JNC Pay Award for Chief Officers does not apply to one Head of Service post (which is joint funded by DCC/NHS).. Currently awaiting notification to apply NHS pay award in line with agreed terms and conditions of employment relevant to this role.

This council has agreed a salary structure for its senior posts and agrees that appointment to any vacancies on this structure at the salaries referred to in this statement are permitted. The creation of any new posts paying over £100,000 should however be presented to Council for approval.

For the majority of the rest of the council's workforce, the NJC pay agreement for 2018/19 included the introduction of a new pay spine on 1 April 2019. The 2019 pay spine is mandatory. Agreements reached by the NJC are collective agreements and if they are incorporated into employee contracts of employment then the changes will take effect. The new pay spine replaced entirely the previous spine and accordingly employees assimilated across from the previous SCP to the new corresponding SCP in April 2019. The NJC produced a circular on 14 June 2018, which provided technical advice on issues relating to assimilating employees onto the new pay spine. The council has complied with the NJC guidance (i.e. one approach to be applied consistently and a maximum of five spinal column points for each grade).

The designated Returning Officer for the council also carries out the role of 'Returning Officer' or 'Counting Officer' in Parliamentary and European elections and other national referenda or electoral processes. These additional roles carry an entitlement to payment from central government at levels set by order in relation to each national poll and according to scale of fees agreed by the council in relation to Local Elections.

Set out in Annex 1 is a scale of fees for the conduct of any County Council and Parish by-elections that arise. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National

rates are given for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions to ensure sufficient interest is maintained in undertaking these roles.

6 The Authority's Policy on the Remuneration of its Lowest Paid Workers

Definition of Lowest Paid Workers

In order to promote equity, former manual worker grades in the authority have been incorporated into the national framework, as outlined in the National Joint Council for Local Government Services "Agreements on Pay and Conditions of Service".

This ensures that the lowest paid workers and the wider workforce share equitable terms and conditions and access to pay and condition arrangements that are set within a national negotiating framework.

This approach ensures fairness, provides market rates in the region for jobs, graded by job size, but with a reference also to the national local government family.

Following the implementation in 1 January 2015 of the 'Durham Living Wage' the lowest paid workers now receive the minimum of Spinal Column Point 10 for all Durham County Council employees. The hourly rate from 1 April 2020 is £9.62, (and new SCP 3 replaced the old SCP 10 on the new National Pay Spine) which equates to workers (outside of apprenticeship schemes) remunerated in Durham on a minimum full time equivalent annual rate of pay of £18,562 (excluding any allowances). This is the council's definition of 'lowest paid workers'.

7 The Policy Relationship between Chief Officers Pay, the Lowest Paid Workers, and the Wider Workforce

Current Position

At the inception of the new unitary council in 2009 the authority had defined:

- the strategy for senior pay within the authority and had recruited into these posts;
- the plan for the approach towards harmonising the pay and conditions of the workforce longer term;
- taking this approach, also now enables the authority to publish and support recommendations within Will Hutton's review 2011 'Review of Fair Pay in the Public Sector' around publishing the ratio of pay of the organisation's top earner to that of a median earner and tracking this over time, taking corrective action where necessary;

In setting the relevant pay levels, a range of background factors outlined at paragraph 2.2 were taken into consideration for senior pay alongside the significant scope and scale of the authority in the national context.

For example, the scope and scale of the Chief Executive's post encompasses responsibilities commensurate with the largest authorities in the country including responsibility for:

- the provision of wide-ranging services to over 500,000 residents of County Durham;
- a gross budget of £1.1 billion for service delivery;
- undertaking the role of the Head of Paid Service to 15,199 employees Lead Policy Advisor to the council's 126 Elected Members.

For 2020/21, the ratio between the pay of the Chief Executive in Durham County Council and the lowest paid workers is 10.9, against figures published by government of an expectation to always be below 20:1 in local government.

In addition, during 2020/21 the employer will contribute 18.5% of pensionable pay to the pension fund for all employees in the Local Government Pension Scheme.

8 Long Term Planning

In line with the original long-term plan, Durham County Council has successfully completed the implementation of a new pay and conditions framework for the wider workforce. This pay scheme is based upon a nationally agreed job evaluation system and the national spinal column points of pay and will see the authority remain within the existing national pay negotiating machinery.

9 Pay Policy Objectives

This planned approach towards pay for the wider workforce, and the use of established and equality impact assessed job evaluation schemes in the exercise will ensure:

- a planned approach towards pay policy for the organisation that enables the council to establish a relationship between pay for senior officers, the low paid and the wider workforce to align to the national guidance;
- the provision of accountability, transparency and fairness in setting pay for Durham County Council;

A report detailing the council's Gender Pay Gap figures for the position as at 31 March 2019 was published on the council's website (<http://www.durham.gov.uk/genderpaygap>), this includes the council's long term plans for improving the pay gap.

10 Pay Policy Decisions for the Wider Workforce

The decision-making power for the implementation of the new pay arrangements is one for the full council for the Authority, ensuring that decisions in relation to workforce pay are taken by those who are directly accountable to local people.

11 The Approach towards Payment for those Officers Ceasing to Hold Office Under or be Employed by the Authority

The council has an agreed policy in relation to officers whose employment is terminated via either voluntary or compulsory redundancy. This policy provides a clear, fair and consistent approach towards handling early retirements and redundancy for the wider workforce, including Chief Officers.

In setting policy, the Authority does at this time retain its discretion to utilise the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006.

12 Policy towards the Reward of Chief Officers Previously Employed by the Authority.

The council's arrangements for payments on severance are outlined in the Early Retirement/Voluntary Redundancy policy approved by Council on 29 October 2014.

Chief Officers leaving the authority under regulations allowing for early access to pension are leaving in circumstances where there is no longer a suitable role for them, and in such circumstances, they leave the employment of the council. Immediate re-engagement in another role would negate redundancy by operation of the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999.

The council would not expect such officers to be offered further remunerated employment with the council or any controlled company without such post being subject to external competition.

The administering authority for the Local Government Pension Scheme does not currently have a policy of abating pensions for former employees who are in receipt of a pension, although this is an area that is kept under review.

The council is mindful of its obligations under equality legislation and as such is limited in its ability to adopt a policy that it will not employ people of an age that has entitled them to pension access on leaving former employment in the public sector or to propose that such applicants be employed on less favourable terms than other applicants. It expects all applicants for any posts to compete and be appointed on merit.

Annex 1: Proposed Scale of Fees for Whole Area Local Elections

Set out in Annex 1 is a scale of fees for the conduct of the 2021 whole County and Parish Council elections. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National rates are set out for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions and these rates are set to ensure there is sufficient interest in undertaking these roles.

Core Election Team members will receive an 'election fee' covering time worked and additional responsibilities undertaken during the election period. Any Election Team member who is paid an 'election fee' does not receive any additional payment if undertaking a Deputy Returning Officer role or other roles.

Other support staff who are not listed in the following schedule may receive a fee covering work undertaken to support the effective conduct of the election if this was considered appropriate by the Returning Officer. The level of fee paid to be determined by the Returning Officer.

CORE STAFF	CALCULATION OF FEE	FEE	NARRATIVE
RETURNING OFFICER For overall responsibility	£100 per division or per contested parish council area	£14,000	The RO has agreed to cap the fee of £14,000
DEPUTY RETURNING OFFICERS	£60 per division or contested parish council area	£8,400	The fee will be capped in line with the RO fee cap. Fee dependent on role undertaken. Level of fee paid to be determined by the RO
ELECTORAL SERVICES MANAGER For advice and guidance, point of contact at count venue and declaring results	60% of RO fee	£8,400	
PRINCIPAL ELECTORAL OFFICERS X 2	65% of ESM fee	£5,460	
SENIOR ELECTORAL OFFICERS X 3	65% of PEO fee	£3,549	
ELECTORAL OFFICER X 4	65% of SEO fee	£2,306	
ELECTORAL ASSISTANT X 3	65% of EO fee	£1,500	

ADDITIONAL STAFF

POLLING STATION STAFF	CALCULATION OF FEE	FEE	NARRATIVE
PRESIDING OFFICER		£232.50	Increase in the base fee
Extra for Combined Election – this fee is paid in Parish Election is together with the Council Elections	20% of PO Fee	£45.00	Increase to reflect change in the base fee
POLL CLERK		£155.00	Increase in the base fee
Extra for Combined Election – this fee is paid in Parish Election is together with the Council Elections	20% of PC fee	£31.00	Increase to reflect change in the base fee
POLLING STATION INSPECTOR	Per polling station – plus mileage	£19.50	No change
Extra for Combined Election – this fee is paid in Parish Election is together with the Council Elections	20% of PSI Fee – per polling station	£3.90	No change

COUNT STAFF	CALCULATION OF FEE	FEE	NARRATIVE
DEPUTY RETURNING OFFICER – adjudication of doubtful ballot papers		£200	
COUNT MANAGER			Contained in PEO fee. Carried out by a member of the Core Team
COUNT SUPERVISORS – Ballot box receipt and distribution, verification and counting of ballot papers		£30 per hour (day) £40 per hour (evening)	Slight increase Fee reflects responsibilities of the position
ACCOUNTANCY TEAM		£25 per hour (day) £30 per hour (evening)	Slight increase Fee reflects responsibilities of the position
SENIOR COUNT ASSISTANTS		£25 per hour (day) £30 per	Slight increase

COUNT STAFF	CALCULATION OF FEE	FEE	NARRATIVE
		hour (evening)	Fee reflects responsibilities of the position
COUNT ASSISTANTS		£15 per hour (day) £20 per hour (evening)	Slight increase Fee reflects responsibilities of the position

POSTAL VOTE OPENING STAFF	CALCULATION OF FEE	FEE	NARRATIVE
POSTAL VOTE OPENING MANAGER			Contained in PEO fee. Carried out by a member of the Core Team
DEPUTY RETURNING OFFICER Fee for the adjudication of postal votes	Fee per opening session	£40	Fee introduced in 2016 elections to represent the responsibility associated with the adjudication of papers
SCANNER		£17.50 per hour	Slight increase Fee reflects responsibilities of the position
POSTAL VOTE OPENING ASSISTANTS		£15 per hour	Slight increase Fee reflects responsibilities of the position
POSTAL VOTE ISSUE MANAGER			Contained in PEO fee. Carried out by a member of the Core Team
QUALITY CHECK STAFF For carrying out postal vote checks at printers prior to postal vote dispatch		£250	No change

TRAINING FEES	CALCULATION OF FEE	FEE	NARRATIVE
TRAINER – Polling Station staff, postal vote opening staff, count staff			Contained in ESM/PEO fee. Carried out by a member of the Core Team
TRAINER – for training given to Verification and Count Assistants	Fee per training session	£20	No change

TRAINING FEES	CALCULATION OF FEE	FEE	NARRATIVE
by appropriate supervisor			
TRAINEE – Polling Station staff, Polling Station inspectors, postal vote opening assistants	Fee per training session	£25	No change
TRAINEE – Count Supervisors, Senior Count Assistants and DRO's	Fee per training session	£40	No change
TRAINEE – Verification and Count Assistants	Fee per training session	£10	No change

POLL CARD HAND DELIVERY	CALCULATION OF FEE	FEE	NARRATIVE
DELIVERY STAFF	Per poll card Mileage paid for collection of poll cards from County Hall	0.15p	Slight increase
MANAGEMENT AND SORTATION FEE	Per poll card	0.02p	No change

MISCELLANEOUS	CALCULATION OF FEE	FEE	NARRATIVE
CAR MILEAGE RATE	Per mile	0.45p	
CLERICAL	Per hour for time worked over and above 37 per week	At applicable hourly rate per member of staff	
PREPARATION OF ACCOUNTS			Contained in PEO fee. Carried out by a member of the Core Team

Mileage to be paid to:

Presiding Officers for -

attending training
collection of ballot box
polling day duties including the delivery of the ballot box to either count centre or remote pick up

Poll Clerks for -

attending training to and from the polling station

Polling Station Inspectors -	attending training mileage incurred on their rounds
Poll Card Hand Delivery -	mileage incurred to collect poll cards from County Hall
Quality Checks at Printers -	mileage incurred by core staff who provide transport for team to visit printers

Annex 2: Proposed Scale of Fees for the conduct of Individual By-Elections

Set out in Annex 2 is a scale of fees for the conduct of individual By-Elections. These fees were agreed by the former District Authorities of the County in 2007.

Election Fees – By-Elections

Returning Officer	£67.00 per 1000 electors or part thereof (per division/ward)
Polling Station:	
Presiding Officer	£232.50 (plus 20% fee for combined election)
Poll Clerk	£155.00 (plus 20% fee for combined election)
Polling Station Inspector	£ 19.50 per station
Mileage	0.45p
Postal Votes Issue:	
Postal Votes Issuing Manager	£120.00
Postal Votes Issuing Supervisor	£60.00
Postal Votes Issuing Assistant	£40.00
Postal Votes Opening:	
Postal Votes Opening Manager	£150.00
Postal Votes Opening Supervisor	£75.00
Postal Votes Opening Assistant	£60.00
Count:	
Count Manager	£260.00
Count Supervisor	£140.00
Count Assistant	£80.00
Miscellaneous:	
Elector Assistance	£17.00 per visit
Attending Training	£25.00
Providing Training	£150.00
Clerical	£89.00 per 1000 electors or part thereof
Preparation of Poll Cards	£1.90 per 100 cards or part thereof
Delivery of Poll Cards	0.15p per card
Ballot Box Preparation	£5.15
Checking of Ballot Papers	£1.60 per 1000 or part thereof

Durham County Council

Council Tax Section 13A(1)(c) Local Government Finance Act 1992

Discretionary Council Tax Hardship Reduction (Covid-19) Policy

(Version 10: 10 February 2021)



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1 Introduction and purpose of Policy Document

- 1.1 This policy sets out the council's approach to the awarding of a discretionary discount under Section 13A(1)(c) of the Local Government Finance Act 1992 in certain circumstances for people affected by coronavirus (Covid-19). It has been designed to ensure that all customers making an application are treated in a fair, consistent and equal manner.
- 1.2 This policy has been written to:
- a. Set guidelines for the factors that should be considered when deciding to award or refuse an application.
 - b. Set out the delegated authority to award the Hardship Reduction in appropriate circumstances.
 - c. Establish an appeals procedure for customers dissatisfied with a decision.
 - d. Safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of Hardship Reduction are used in the most effective and economic way.

2 Background

- 2.1 The council's Local Council Tax Reduction Scheme (LCTRS) offers means tested support in the form of reduced council tax bills. Since the national council tax benefit scheme was abolished in 2013, Durham's LCTRS is one of a small minority in England, and the only one in the North East, which offers an equivalent support to the old benefit scheme, with working age residents able to receive reductions of up to 100% of their council tax charge. As more residents' finances are affected by coronavirus (Covid-19), the scheme will assist those:
- already in receipt of LCTRS, who have a reduction in income and may qualify for an additional reduction in their council tax bill, and
 - who make new claims for LCTRS as a result of a drop or disruption in their income.
- 2.2 The LCTRS will be an important route to deliver meaningful support to those affected by coronavirus (Covid-19) over the coming months. Before any additional support is considered through the Discretionary Reduction (Covid-19) policy, residents will be expected to investigate whether help would be available to them under LCTRS. Residents can check whether they would receive LCTRS and be given an estimated award by using the online calculator on our website at <https://www.durham.gov.uk/counciltaxreduction>.

- 2.3 The level of Support available under LCTRS is based on a household's income and savings. If a household's savings are over £16,000 or if total income is significantly above their 'appropriate amount' then no LCTRS can be awarded. The 'appropriate amount' is the minimum income which a household is deemed to need to meet their necessities, excluding housing costs and council tax. It is calculated based on factors such as the household's size, disabilities and caring responsibilities. The figures used mirror those used in national Department for Work and Pension benefits such as Universal Credit, Job Seekers Allowance and Employment and Support Allowance.
- 2.4 Some residents may find themselves in compromised financial situations as a result of coronavirus (Covid-19) but have no entitlement to LCTRS or to one or more of the Government's other support schemes.
- 2.5 In response to the challenges posed by the coronavirus (Covid-19) pandemic, the government announced a new £500 million Hardship Fund for Local Authorities to support economically vulnerable people and households struggling to meet their council tax payments.
- 2.6 The Government expectation was for Local Authorities to primarily use their grant allocation to reduce the council tax liability of individuals in their area. Funding has been allocated to Local Authorities based on their share of the national caseload of working age LCTRS recipients using the most recent published data.
- 2.6 The Government's strong expectation is that Local Authorities will provide all recipients of working age LCTRS during the financial year 2020-21 with a further reduction in their annual council tax bill of a minimum of £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal LCTRS scheme design.
- 2.7 Where a taxpayer's liability for 2020-21 is, following the application of LCTRS, less than £150, then the Government expect their liability will be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.
- 2.8 There will be no need for any recipient of LCTRS to make a separate claim for a reduction under this scheme. The Local Authority will assess who is eligible for support from the hardship fund and automatically rebill those council taxpayers.
- 2.9 Having allocated grant to reduce the council tax bill of working age LCTRS recipients by a further £150, the government has stated that Local Authorities should establish their own local approach to using any remaining grant to assist those in need. This may include, but is not restricted to, providing additional relief through existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by coronavirus (Covid-19)).

3 Council Tax Discretionary Reduction (Covid-19) Policy

3.1 Introduction

3.1.1 Councils have the power to reduce the amount of council tax a person must pay to such an extent as they see fit. This includes the power to reduce an amount to nil, and, may be exercised in relation to cases or by determining a class of property in which liability is to be reduced to an extent provided for by the determination.

3.2 Legislation

3.2.1 The ability to reduce a council tax charge is included in Section 13A Local Government Finance Act 1992 as amended by Local Government Act 2003, section 76. Section 76 gives councils the authority to make a discretionary reduction in council tax in circumstances that it deems appropriate.

3.3 Durham County Council Policy

3.3.1 The Council will adopt the following policy with effect from 1 April 2020:

- a. Where following the application of LCTRS a taxpayer's liability for 2020/21 and/or 2021/22 is nil, no reduction to the council tax bill will be available.
- b. Recipients of LCTRS during 2020/21 will have their liability reduced by up to £300 following the application of a Hardship Award; based on their liability after the start date of LCTRS.
- c. Recipients of LCTRS during 2021/22 will have their liability reduced by up to £300 following the application of a Hardship Award; based on their liability after the start date of LCTRS

3.3.2 Some residents who find themselves experiencing severe financial hardship as a result of coronavirus (Covid-19) but who have no entitlement to LCTRS or to one or more of the Government's other support schemes may receive help towards reducing their council tax liability by the award of a discretionary (Covid-19) discount.

3.3.3 Applications for a reduction will only be considered in individual cases where severe financial hardship as a result of coronavirus (Covid-19) can be demonstrated and all routes for existing help that the council can already provide have been explored and exhausted.

3.3.4 Where an application is successful, the reduction will be applied directly to the council tax account.

3.4 Criteria

3.4.1 Each application will be assessed on its individual merits. When assessing applications, the following considerations will be made:

Is the customer currently in receipt of LCTRS?

All existing LCTRS working age claimants in 2020/21 will receive an award of up to £300, unless their liability is nil.

All existing LCTRS working age claimants in 2021/22 will receive an award of up to £300, unless their liability is nil

If the customer is not currently in receipt of LCTRS, will they now qualify?

New claimants should be signposted to the online calculator and application form and encouraged to check their entitlement and make a new application for council tax reduction as soon as possible. Following the assessment of their claim for LCTRS the award of the additional top up support outlined in this policy will be applied.

Has the customer explored other methods of maximizing their income?

Customers should be signposted to apply for Employment and Support Allowance or Universal Credit where appropriate. Customers should also be encouraged to contact their mortgage provider or landlord and organisations to whom they owe debt, as many are now offering support and arrangements for repayment.

Do the customer's current financial circumstances demonstrate an inability to pay their council tax or in doing so would cause extreme hardship?

In cases where entitlement to LCTRS is not applicable, customers can make an application for support under the Discretionary Hardship Reduction Policy. The customer will be required to submit a Hardship Reduction application. Officers will review the completed financial statement issued with the hardship application form to establish the level of hardship and their eligibility for support. Should this support be warranted then a discretionary award of up to £300 can be made against the council tax liability for 2020/21 and up to £300 for the council Tax liability for 2021/22, in line with the top up provided to LCTRS working age claimants.

If the circumstances are short term, would a payment arrangement / deferred instalment plan be more appropriate?

Payment arrangements / deferred instalment plans should be explored with the customer as part of the application for Hardship Reduction.

3.4.2 All applications for Hardship Reduction are only intended as short-term assistance for exceptional circumstances. Any award should not be considered as a way of reducing council tax liability indefinitely or for reducing arrears.

3.4.3 Each application will be looked at individually and considered on its own merits.

3.5 The Application

3.5.1 All applications for Hardship Reduction under this policy should be made by completing the online digital application form and financial statement.

3.5.2 It is the responsibility of the council taxpayer applying for a reduction to provide enough information and evidence to support their application. If the council taxpayer applying does not or will not provide the required evidence; the application will still be considered, but only based on the information and evidence provided.

3.5.3 Further information may be requested to support an application. Where a request for further information is made, the information must be provided within four weeks. Failure to provide information within four weeks will result in the application being considered on the information and evidence that has already been provided.

3.6 The Decision-Making Process

3.6.1 Upon receipt of an application and all supporting information a standard decision-making process will be followed:

- Applications will be considered by the Finance Team within a target of 10 days from receipt of a signed application, financial statement and all supporting information.
- The applicant will be advised in writing of the decision within a target of 10 days of receiving enough information to allow the assessment of the application and a revised council tax demand notice will be issued where applicable.

3.7 Review of Decision

3.7.1 The council will accept a request from the applicant for a re-determination of its decision.

- Re-determination of the decision will be by a Senior Officer within the Finance Team.
- Requests should be made in writing stating the reasons why it is believed that the decision should be reviewed.
- The council will consider whether the council taxpayer has provided any additional information that will justify a change to its original decision.
- The council will notify the council taxpayer of its final decision within 21 days of receiving a request for a re-determination.
- Whilst every effort will be made to meet the deadline outlined above, failure by the council to do so does not qualify the claimant for Hardship Reduction.
- If a claimant remains dissatisfied with the refusal of their application, they may appeal to the Valuation Tribunal for England (VTE). They have two months to do this from the date of our reply.

Valuation Tribunal
3rd Floor
Crossgate House
Wood Street
Doncaster
DN1 3LL
Telephone: 0300 1232035
Fax: 01302 329935
E mail: vtdoncaster@valuationtribunal.gov.uk

3.8 The Award

3.8.1 The award will be for a maximum of £300 made against the council tax liability for 2020/21 and a maximum of £300 made against the council tax liability for 2021/22.

3.8.2 Where an application is successful, an award letter will be issued as confirmation along with an amended bill showing revised instalments.

3.8.3 Where an award has been made and subsequently the council tax account goes into credit at any point during the financial year, the credit will remain on the account to be used to offset any balances which may subsequently arise. The credit will be reviewed at the end of the financial year and where appropriate transferred to the following financial year to reduce the balance.

- 3.8.4 Where an award has been made and a council tax account goes into credit up to the amount of any payments that have been made during the financial year, the credit will be reviewed at the end of the financial year and a refund may be issued where appropriate.
- 3.8.5 Where a customer requests a refund before the end of the financial year, we will consider these requests only where the credit has arisen due to payments made by the customer and each case will be looked at individually and treated on its own merit

Appendix 12: Durham County Council Annual Treasury Management Strategy 2021/22

Purpose

- 1 In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the 2021/22 position for the proposed Treasury Management Strategy, the Annual Cash Investment Strategy, Prudential Indicators, Minimum Revenue Provision (MRP) Policy and Treasury Management Policy Statement and Practices (which are detailed at Annex 1).

Background

- 2 Treasury management is defined as 'the management of the local authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.
- 3 The Council operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with the main aims of providing sufficient liquidity and security, with the achievement of the best possible investment returns ranking as less important.
- 4 The second main function of the treasury management service is to arrange the funding of the Council's capital programme, which will support the provision of Council services. Part of the capital programme is financed through borrowing so longer-term cash flows need to be planned, to ensure capital spending requirements can be met. The management of longer-term cash may involve arranging long or short-term loans, utilising longer term cash flow surpluses and, occasionally, restructuring debt to meet Council risk or cost objectives.
- 5 The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice to ensure there is adequate monitoring of the Council's capital expenditure plans and its Prudential Indicators (PIs). It is recommended in the Code that Members are appraised of the Councils Treasury Management activity through regular reports, that include the following as a minimum:
 - (a) An annual Treasury Management Strategy in advance of the year (this report);
 - (b) A mid-year Treasury Management Review report, covering the first six months of the financial year (the 2020/21 mid-year review was reported to Council on 2 December 2020);

- (c) An annual review following the end of the year describing the activity compared to the strategy (the 2019/20 outturn was reported to the Council on 21 October 2020);
- 6 This report provides a summary of the following for 2021/22:
- (a) Summary Treasury Position;
 - (b) Borrowing Strategy;
 - (c) Other Debt and Long-Term Liability Plans
 - (d) Cash Investment Strategy;
 - (e) Non-Treasury Investments
 - (f) Treasury Management Indicators;
 - (g) Prudential Indicators;
 - (h) MRP Policy Statement;
 - (i) Other Matters.
- 7 This covers the requirements of the various laws, codes and guidance that cover the Treasury Management activity, including the Local Government Act 2003, the CIPFA Prudential Code, Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and Communities and Local Government Investment Guidance.

(a) Summary Treasury Position

The Council's debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.

- 8 The following table shows the Council's treasury position (excluding borrowing through leasing and the Private Finance Initiative [PFI]) as at 31 December 2020 alongside the position for 31 March 2020:

	Actual 31.3.20 £ Million	Interest Rate	Actual 31.12.20 £ Million	Interest Rate
Borrowing	358.580	3.42%	348.522	3.43%
Investments	232.250	1.05%	273.689	0.46%
Net Debt	126.330		74.833	

- 9 Under a forward borrowing agreement with Phoenix Life, the council is committed to borrow £15 million on 15 February 2021, which will increase the

net debt. It is expected that the investment balance will reduce by 31st March 2021, further increasing the net debt at year end.

(b) Borrowing Strategy

- 10 The Council held £358.580 million of loans at 31 March 2020. The balance had moved to £348.522 at 31 December 2020 and is expected to be £363.412 at 31 March 2021, as detailed below:

	31.3.20 Actual Balance £ million	2020/21 Estimated Movement £ million	31.3.21 Estimated Balance £ million	Average Interest Rate %	31.3.21 Average Life Years
Public Works Loan Board (PWLB)	288.975	(10.003)	278.972	3.32%	19.9
Private Sector	69.420	14.851	84.271	3.86%	32.8
Pension Fund	0.185	(0.016)	0.169	8.09%	7.1
Total borrowing	358.580	4.832	363.412	3.43%	22.4

- 11 The Council's chief objective when borrowing has been to strike an appropriate risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 12 The difference between the council's borrowing requirement and the actual borrowing undertaken is called under borrowing. This represents the ability of the council to use its balance sheet reserves to delay the date that loans are taken out. The strength of the Council's balance sheet means it has no immediate need to borrow to fund its capital outlays and this means that using internal balances is generally the most cost-effective option. However, in the medium term the Council will need to borrow to fund its capital programme.
- 13 A major source of the Council's borrowing is the Public Works Loans Board (PWLB), which is a lending facility operated by the UK Debt Management Office on behalf of HM Treasury. Following a consultation period HM Treasury issued new guidance on PWLB lending, to apply from 26 November 2020. In summary, PWLB rates were reduced by 1%, but councils can only borrow if they are not buying investment assets primarily for yield and they are not borrowing in advance of need, with the aim of making a profit from the sums borrowed.
- 14 The council meets the borrowing criteria so taking out PWLB loans is an available option. Loan rates are fluid (PWLB rates change twice daily) and the Council will continue to work with its Treasury Management advisors, Link Asset Services, to monitor rates and cash flow requirements to determine whether taking out further loans is appropriate.

Municipal Bond Agency

- 15 Following the 1% reduction in PWLB rates, borrowing through bonds issued by the Municipal Bond Agency is less competitive. However as shown through previous significant unexpected increases in PWLB rates the comparative advantage of different sources of finance can change quickly. Therefore, the Council may consider this source of borrowing as and when appropriate, after a full options appraisal.

Policy on Borrowing in Advance of Need

- 16 The Council will not borrow more than, or in advance of, its needs, purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be made within approved Capital Financing Requirement (CFR) estimates and following careful consideration, in order to demonstrate value for money and ensure the security of such funds.
- 17 Any risks associated with activity to borrow in advance will be subject to prior appraisal and will be subsequently accounted for in the Treasury Management report that follows.

Debt Rescheduling

- 18 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. Advantages of debt rescheduling would include:
- generating cash savings and / or discounted cash flow savings;
 - helping to fulfil the treasury strategy;
 - enhancing the balance of the portfolio (amend the maturity profile and/ or the balance of volatility).
- 19 However, these savings will need to be considered in light of the current treasury position and the cost of debt repayments (i.e. premiums).
- 20 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

(c) Other Debt and Long-Term Liabilities Plans

- 21 Although not classed as borrowing, the Council has capital finance liabilities (i.e. commitments to make payments) in the form of finance leases, for replacement fleet vehicles and equipment, and PFI projects. The leasing liabilities will continue to grow as a programme to replace capital funded fleet

vehicles is implemented. The cost effectiveness of leasing arrangements will continue to be monitored to ensure they are the best financing option.

- 22 I have previously advised on the effects arising from the application of a new accounting standard - International Financial Reporting Standard (IFRS) 16 – Leases, which will increase the Council’s reported liabilities.

The changes were due to apply for the 2020/21 financial year. However, in response to pressures on council finance teams as a result of the Covid-19 pandemic, the CIPFA LASAAC Local Authority Accounting Code Board, which agrees the details of all local authority accounting arrangements, has agreed to defer the implementation until the 2022/23 financial year. From this time assets held under operating leases (which differ from finance leases as the assets retain a significant part of their value and revert to the owner at the end of the lease period) will be accounted for in the same way as finance leases. The changes mean that for the first time, the Council will hold fixed assets used under operating leases on its balance sheet. It will also hold the associated financial liabilities. Work is continuing to ensure the council is well prepared when the new arrangements are introduced.

(d) Cash Investment Strategy

- 23 The Council holds a significant cash surplus from reserves and provisions in its balance sheet and from funds received before related expenditure is incurred. A strategy for the investment of these funds is required.
- 24 The Council’s cash investment policy is governed by Ministry of Housing, Communities and Local Government (MHCLG) guidance. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security, liquidity and rate of return, or yield, of its investments. Of these three criteria the first two, security and liquidity, are most important, ahead of achieving the highest yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 25 In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council will apply minimum acceptable credit criteria in order to generate a list of creditworthy counterparties, with investment limits set so that investments are diversified. Credit ratings agencies will be used but will not be the sole determinant of investment quality and the assessments will also take account of other information that reflects the opinion of the markets. To this end the Council will engage with its advisers to maintain a monitor on market pricing (e.g. “credit default swaps”) and overlay that information on top of the credit ratings. Information in the financial press, share price and other banking sector information will also be used as appropriate.

- 26 There are a wide range of Investment instruments which are available for the Council to consider. These can be classified as either Specified or Non-Specified Investments and are listed below:

Specified Investments

- 27 These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered to be low risk assets where the possibility of loss of principal or investment income is small and are not defined as capital expenditure. These would include the following sterling investments:

- Deposit with the UK Government – e.g. the Debt Management Office deposit facility, UK treasury bills or gilts with less than one year to maturity;
- Term deposits with a body that is considered of a high credit quality e.g. UK banks and building societies;
- Global bonds of less than one year's duration;
- Deposits with a local authority, parish council or community council;
- Certificates of Deposit;
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

Non-Specified Investments

- 28 These are investments which do not meet the specified criteria as outlined above. The Council is therefore required to examine non-specified investments in more detail. As well as any of the above sterling investments that are of more than one-year maturity, non-specified investments include the following sterling investments:

- gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity;
- deposits with the Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible;
- equity shareholding in businesses, which shall be not more than £30 million in total, and £15 million in any one company. This will only be after undertaking significant due diligence checks. These investments will

facilitate a more balanced approach to investing by diversifying the investment portfolio and reducing concentration risk;

- loans and shares in local businesses, in order to encourage regeneration and economic development in the area. Any new investments will only be agreed after significant due diligence checks have been carried out;
- property funds, with not more than £25 million in an individual fund and not more than £50 million in total.

Creditworthiness Policy

- 29 The primary principle governing the Council's investment criteria is the security of its investments; although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- it maintains a policy covering the categories of investment types it will invest in, the criteria for choosing investment counterparties with adequate security and arrangements for monitoring their security; and
 - it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 30 The Corporate Director of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria, and submit these to full Council for approval as necessary. This criterion provides an overall pool of counterparties considered to be high quality which the Council may use, rather than defining what types of investment instruments are to be used.
- 31 Link Asset Services' creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue weight to only one agency's ratings.
- 32 Typically the minimum credit ratings criteria used by the Council will be a short-term rating (Fitch or equivalents) of F1 and a Long-Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available or other topical market information to support their use.
- 33 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies (Fitch, Moody's and Standard and Poor's) through its use of Link's creditworthiness service.
- 34 If a downgrade results in the counterparty/ investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- 35 In addition to the use of credit ratings, the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Council’s lending list.
- 36 Sole reliance will not be placed on the use of the service provided by Link. The Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government. This additional market information, for example credit default swaps and negative rating watches/ outlooks, will be applied to compare the relative security of differing investment counterparties. The relative value of investments will be reviewed in relation to the counterparty size to ensure an appropriate ratio.

Investment Criteria

37 The criteria for providing a pool of high-quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 – good credit quality. The Council will only use banks which are:
 - i. UK banks and/or
 - ii. Non-UK banks domiciled in a country which has a minimum sovereign long-term rating of AA- and have, as a minimum, the following credit ratings (where rated):

	Fitch	Moody’s	Standard & Poor’s
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

(n.b. viability, financial strength and support ratings have been removed and will not be considered in choosing counterparties).

- Banks 2 – Part nationalised UK banks - Royal Bank of Scotland. This bank can be included if it continues to be part nationalised or meets the ratings in Banks 1 above;
- Banks 3 – The Council’s own banker for transactional purposes if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and time;
- Bank subsidiary and treasury operation. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above;

- UK Government (including gilts and the Debt Management Account Deposit Facility [DMADF]);
- Local authorities, parish councils, etc.;
- Housing Associations which meet the ratings for banks outlined above.
- Building societies. The Council will use societies which:
 - i. Meet the ratings for banks outlined above; or
 - ii. Have assets in excess of £1 billion;
- Money market funds;
- Ultra-Short Dated Bond Funds;
- Property Funds.

Time and Monetary Limits applying to Investments

38 The time and monetary limits for institutions on the Council's counterparty list, covering specified and non-specified investments, are as follows:

Investment Type	Long Term Rating	Money Limit	Time Limit
Banks / Building Societies*	AA-	£60m	2 years
Banks / Building Societies*	A	£40m	1 year
Banks / Building Societies*	A-	£25m	6 months
Banks – part-nationalised*	N/A	£60m	2 years
Banks– Council's banker*	A-	£30m	3 months
DMADF / Treasury Bills	AAA	unlimited	6 months
Local Authorities	N/A	£15m each	5 years
Housing Associations	A-	£10m	6 months
Building Societies	+£1 billion	£25m	6 months
Money Market Funds	AAA	£150m total	liquid
Money Market Funds CNAV	AAA	£30m each	liquid
Money Market Funds LVNAV	AAA	£30m each	liquid
Money Market Funds VNAV	AAA	£30m each	liquid
Ultra-Short Dated Bond Funds	AAA	£10m each	liquid

Investment Type	Long Term Rating	Money Limit	Time Limit
Property Funds	N/A	£50m total (£25m each)	Unlimited

*For bank subsidiaries and treasury operations the limits depend on the rating of the subsidiary / operation or of the parent providing a guarantee

The above limits have been revised for 2021/22, following consultation with the Link Asset Services, to give the council more flexibility to invest with suitable counterparties in circumstances where cash balances temporarily increase.

UK Banks – Ring Fencing

- 39 An additional factor must be considered when making investments with some UK banks from 1st January 2019. From this date the largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt to be included in the arrangements. Several banks are very close to the threshold already and so may come into scope in the future regardless.
- 40 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.
- 41 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

(e) Non-Treasury Investments

- 42 Separately from treasury investments, the Council may make loans and investments in support of service priorities. Such loans and investments will be subject to the Council’s normal approval processes for revenue and capital expenditure and need not comply with this Treasury Management Strategy.
- 43 The Council recognises that investments such as these, taken for non-treasury management purposes, require careful consideration and that it is important

that there are agreed processes to ensure there is effective due diligence and that the investments fit with the Council's agreed risk profile. This is consistent with the Prudential Code guidance, that the investments should be proportionate to the authority's level of resources and the same robust procedures for the consideration of risk and return should be followed as for other investments

- 44 The Council would also follow the above processes when considering the purchase of investment assets primarily for yield. However, following the change to PWLB borrowing rules, councils with plans to buy investment assets primarily for yield cannot take advantage of the 1% reduction in borrowing costs. This applies to all of their borrowing requirements, not just the borrowing for the investment assets. This creates a financial disadvantage that means it is not likely that the council will make investments of this nature, though each potential opportunity would be considered on a case by case basis. More details are included in the council's Property Investment Strategy.

(f) Treasury Management Indicators

- 45 There are three debt related treasury activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principle invested is:

	Limit
Upper limit on fixed interest rate exposure	100%
Upper limit on variable interest rate exposure	70%

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk and measures the amount of projected borrowing maturing in each period expressed as a percentage of total projected borrowing at the start of the period. The upper and lower limits on the maturity structure of fixed rate borrowing are:

	Lower Limit	Upper Limit
Under 12 months	0%	20%
12 months to 2 years	0%	40%
2 years to 5 years	0%	60%
5 years to 10 years	0%	80%
10 years and above	0%	100%

In addition, the council will not agree to borrowing which will result in more than 20% of total borrowing maturing in any one financial year.

Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments:

	2020/21	2021/22	2022/23
Principal sums invested > 365 days	£75m	£75m	£75m

(g) Prudential Indicators

- 46 The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.
- 47 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Capital Expenditure: The table below summarises capital expenditure incurred and planned (including amounts included in this budget report) and how the expenditure was and will be financed:

	2019/20 Actual £ Million	2020/21 Estimate £ Million	2021/22 Estimate £ Million	2022/23 Estimate £ Million	2023/24 Estimate £ Million
Capital Programme	110.128	139.511	183.470	150.022	11.461
Financed by:					
Capital receipts	10.471	6.645	15.166	10.340	-
Capital grants	49.032	55.022	49.580	39.944	0.655
Revenue and reserves	23.753	29.901	9.534	5.174	4.375
Net borrowing financing need for the year	26.872	47.943	109.190	94.564	6.431

Capital Financing Requirement (CFR): The CFR is a measure of the Council's underlying borrowing need for a capital purpose. The CFR includes other long-term liabilities (e.g. PFI schemes, finance leases), though these arrangements include an integral borrowing facility, so the Council does not need to borrow separately for them:

	2019/20 Actual £ Million	2020/21 Estimate £ Million	2021/22 Estimate £ Million	2022/23 Estimate £ Million	2023/24 Estimate £ Million
Capital Financing Requirement	476.095	520.456	620.052	703.736	696.077
Movement in CFR	18.435	44.361	99.596	83.684	(7.659)
Movement in CFR represented by					
Net borrowing financing need for the year (see previous table)	26.872	47.943	109.190	94.564	6.431
Leasing and PFI financing need for the year	5.634	12.134	7.527	7.929	6.225
Less MRP/VRP and other financing movements	(14.071)	(15.716)	(17.121)	(18.809)	(20.315)
Movement in CFR	18.435	44.361	99.596	83.684	(7.659)

Gross Debt and the Capital Financing Requirement: In order to ensure that debt held will only be for capital purposes, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below shows how the Council plans to comply with this requirement, which shows gross borrowing continues to be less than the CFR:

	2019/20 Actual £ Million	2020/21 Estimate £ Million	2021/22 Estimate £ Million	2022/23 Estimate £ Million	2023/24 Estimate £ Million
Debt at 1 April	310.605	358.580	363.412	387.968	377.349
Expected change in debt	47.975	4.832	24.556	(10.619)	(20.631)
Other long-term liabilities	81.058	80.120	84.498	83.538	82.710
Expected change in other long-term liabilities	(0.938)	4.370	(0.961)	(0.828)	(2.740)
Gross Debt at 31 March	438.700	447.910	471.506	460.059	436.688
Capital Financing Requirement	476.095	520.456	620.052	703.736	696.077
Under borrowing	37.395	72.546	148.546	243.677	259.389

Operational Boundary: This is the limit which external borrowing is not normally expected to exceed and approximates to the CFR for a given year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2020/21 Estimate £ Million	2021/22 Estimate £ Million	2022/23 Estimate £ Million	2023/24 Estimate £ Million
Borrowing	436.000	537.000	621.000	617.000
Other long-term liabilities	83.000	84.000	83.000	80.000
Total	519.000	621.000	704.000	697.000

Authorised Limit for external borrowing: This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2021/22 Estimate £ Million	2022/23 Estimate £ Million	2023/24 Estimate £ Million	2023/24 Estimate £ Million
Borrowing	486.000	587.000	671.000	667.000
Other long-term liabilities	90.000	89.000	88.000	84.000
Total	576.000	676.000	759.000	751.000

Estimates of the ratio of financing costs to net revenue stream: This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %
Ratio of financing costs to net revenue stream	7.557	8.491	9.534	9.850

The estimates of financing costs include current commitments and the proposals in this budget report

(h) MRP Policy Statement

- 48 The CIPFA Prudential Code for Capital Finance in Local Authorities requires the full Council to agree an annual policy for the Minimum Revenue Provision (MRP).
- 49 The MRP is the amount that is set aside each year to provide for the repayment of debt. The regulations require the authority to determine an amount of MRP which it considers to be prudent. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Revenue Support Grant (RSG), reasonably commensurate with the support provided through the RSG. The guidance provides recommended options for the calculation of a prudent provision, but

local authorities have significant discretion in determining the level of MRP which they consider to be prudent.

- 50 The Government updated its Statutory Guidance on MRP on 2 February 2018, with some elements of the guidance taking effect from 1 April 2018.
- 51 The Council's annual MRP policy has been set in line with the following principles:
- In respect of the Council's supported borrowing, MRP will be provided for on a 2.5% straight-line basis, i.e. provision for the full repayment of debt over 40 years;
 - MRP charges for unsupported borrowing will be applied by using the annuity method;
 - MRP charges for finance leases (non PFI) will be equal to the principal element of the rental or charge that goes down to write down the balance sheet liability created from such arrangements;
 - MRP charges for PFI to provide MRP on an asset life basis to match the life of the associated assets;
 - The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.
- 52 The regulations allow the Authority to review its policy every year and set a policy that it considers prudent at that time. The impact of a revised MRP policy would be kept under regular review in order to ensure that the annual provision is prudent.

(i) Other Matters

Training

- 53 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny and training will be arranged as required. There is a further requirement that the training needs of treasury management officers are periodically reviewed.

Policy on use of external advisers

- 54 Link Asset Services are the Council's treasury management advisers and whilst they provide professional support to the internal treasury management team, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Council. This service is subject to regular review.

- 55 The range of services provided by the advisers currently includes:
- technical support on treasury matters and capital finance issues;
 - economic and interest rate analysis;
 - debt services which includes advice on the timing of borrowing;
 - debt rescheduling advice surrounding the existing portfolio;
 - generic investment advice on interest rates, timing and investment instruments;
 - credit ratings/ market information service, comprising the three main credit rating agencies
- 56 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties

Treasury Management Policy Statement

The Council defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Treasury Management Practices

The Council has developed a range of Treasury Management Practices to enable it to implement its Treasury Management Policies.

TMP1 Risk Management

General Statement

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting Requirements and Management Information Arrangements*.

The arrangements for the management of identified risks are detailed overleaf.

Credit and Counterparty Risk Management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and

techniques referred to in *TMP4 Approved Instruments, Methods and Techniques*. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

Liquidity Risk Management

The Council organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

Interest Rate Risk Management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting Requirements and Management Information Arrangements*.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. Before taking action any policy or budgetary implications would be considered and approval would be sought if required.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

Exchange Rate Risk Management

It will manage its exposure to fluctuations in exchange rates to minimise any detrimental impact on its budgeted income/expenditure levels.

Inflation Risk Management

The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Refinancing Risk Management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or

refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

Legal and Regulatory Risk Management

The Council will ensure that all its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under *TMP1 Risk Management - Credit and Counterparty Risk Management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Fraud, Error and Corruption, and Contingency Management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Price Risk Management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 Performance Measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

TMP3 Decision Making and Analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP4 Approved Instruments, Methods and Techniques

The Council will undertake its treasury management activities within the limits and parameters defined in TMP1 *Risk Management*.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The organisation will seek proper advice and will consider that advice when entering arrangements to use such products to ensure that it fully understands those products.

TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when The Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 *Reporting Requirements and Management Information Arrangements*, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the responsible officer in respect of treasury management are set out in the Council's constitution. The responsible officer will fulfil all such

responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

TMP6 Reporting Requirements and Management Information Arrangements

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

Full Council) will receive:

- (a) an annual report on the strategy and plan to be pursued in the coming year;
- (b) a mid-year review;
- (c) an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The committee/board/council will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

TMP7 Budgeting, Accounting and Audit Arrangements

The responsible officer will prepare, and the Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk Management*, TMP2 *Performance Measurement*, and TMP4 *Approved Instruments, Methods and Techniques*. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting Requirements and Management Information Arrangements*.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of The Council will be under the control of the responsible officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with *TMP1 Risk Management - Liquidity Risk Management*.

TMP9 Money Laundering

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained.

TMP10 Training and Qualifications

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 Use of External Service Providers

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangement's rests with the responsible officer.

TMP12 Corporate Governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This is considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

TREASURY MANAGEMENT PRACTICES – DETAILED SCHEDULES

The following schedules have been prepared to support the implementation of the TMPs.

TMP1 Risk Management

TMP2 Best Value and Performance Measurement

TMP3 Decision Making and Analysis

TMP4 Approved Instruments, Methods and Techniques

TMP5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

TMP6 Reporting Requirements and Management Information Arrangements

TMP7 Budgeting, Accounting and Audit Arrangements

TMP8 Cash and Cash Flow Management

TMP9 Money Laundering

TMP10 Training and Qualifications

TMP11 Use of External Service Providers

TMP12 Corporate Governance

TMP1 Risk Management

1.1 Credit and Counterparty Risk Management

Credit and counterparty risk

The risk of failure by a third party to meet its contractual obligations to the Council under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources.

1.1.1 Criteria to be used for creating/managing approved counterparty lists/limits:

- (a) Suitable criteria for assessing and monitoring the credit risk of investment counterparties will be formulated and a lending list comprising time, type, sector and specific counterparty limits will be constructed. This criteria will follow the Ministry of Housing, Communities and Local Government (MHCLG) investment guidance issued in February 2018 to cover financial years from 1 April 2018.
- (b) The primary criteria used in the selection of counterparties is their credit worthiness. However the authority will also monitor latest market information and reduce the limits imposed on third parties where appropriate.
- (c) The Authority's Treasury Management Advisors provide a regular update of all the ratings relevant to the authority as well as any changes to the counterparty credit ratings. This information is also available via their website.
- (d) Credit ratings will be used as supplied from one or more of the following credit rating agencies: -
 - Fitch Ratings
 - Moody's Investors Services
 - Standard and Poor's
- (e) Counterparty limits will be as set within the annual Treasury Management Strategy reported to Council.

1.1.2 Credit ratings for individual counterparties can change at any time. The Corporate Director of Resources is responsible for applying the stated credit rating criteria in 1.1.1 for selecting approved counterparties, and will add or delete counterparties as appropriate to / from the approved counterparty list when there is a change in the credit ratings of individual counterparties or in banking structures e.g. on mergers or takeovers. This is delegated on a daily basis to the Treasury Management team.

- 1.1.3 When there is a change in the credit ratings of individual counterparties or in banking structures (e.g. on mergers or takeovers in accordance with the criteria in 1.1.1) the Corporate Director of Resources will also adjust lending limits and periods This is delegated on a daily basis to the Treasury Management team

1.2 Liquidity Risk Management

Liquidity Risk

The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the Council's business/service objectives will be thereby compromised.

1.2.1 Cash Flow

The treasury management section will maintain, on a daily basis, a cash flow projection showing:

- (a) all known income and expenditure
- (b) all anticipated income and expenditure.

This record will be maintained for a minimum period of 12 months ahead of current date.

1.2.2 Amounts of approved minimum cash balances and short-term investments

The Treasury Management team shall seek to ensure that the balance held in the Council's main bank accounts at the close of each working day is held at a level in order to maximize the amount of credit interest receivable. Borrowing or lending shall be arranged in order to achieve this aim.

The target is to achieve a net overall pooled bank balance of nil within the Council's current bank accounts on a daily basis. The performance will be monitored on a daily basis by the Council's Treasury Management team

1.2.3 Short-term borrowing facilities

The Council can access temporary loans through approved brokers on the London money market.

1.2.4 Closure of Council Offices

When the Council offices are closed on a banking day, then provision will be made for expected clearances and receipts. The actual strategy to be adopted will depend on overall liquidity and market conditions at the time and available staff resources. At such times the Treasury Management team undertakes transfers, anticipating cash flow within the Council's accounts.

1.3 Interest Rate Risk Management

Interest rate risk

The risk that fluctuations in the levels of interest rates creates an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

1.3.1 Details of approved interest rate exposure limits

This risk is considered as part of the Treasury Management Strategy Statement approved by Council in February/March each year. The Strategy sets interest rate exposure limits in accordance with the requirements of the CIPFA Prudential Code. A variety of Prudential indicators is required to be approved and monitored by Council. The Council will have regard to potential fluctuations in interest rates when borrowing or lending surplus cash. Advice will be sought from the Council's Treasury Management advisors before any non-routine transaction is made.

1.3.2 Maximum proportion of variable rate debt/interest

The requirement to set out a series of Prudential Indicators includes a requirement to set upper limits for exposure to fixed interest rates and variable interest rates.

1.4 Exchange Rate Risk Management

Exchange rate risk

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

1.4.1 Approved criteria for managing changes in exchange rate levels

Durham County Council rarely deals with foreign currency so an exposure to exchange rate risk will be minimal. However, as a result of the nature of the Council's business, the Council may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling. Where appropriate the Council will adopt a hedging strategy to control and add certainty to the sterling value of these transactions. This will mean that the Council will minimize all foreign exchange exposures as soon as they are identified.

Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full

cover hedging policy. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency may be held on deposit to meet this expenditure commitment, depending on the expected timing of transactions.

1.5 Inflation Risk Management

Inflation risk

The risk that prevailing levels of inflation cause an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately.

1.5.1 Details of approved inflation exposure limits for cash investments/debt

During the current period of low and stable worldwide inflation there is little requirement for an active consideration of the impact of inflation. The key consideration is that investments reap the highest real rate of return, with debt costing the lowest real cost, consistent with other risks mentioned within TMP 1 *Risk Management*.

1.5.2 Approved criteria for managing changes in inflation levels

Inflation both current and projected will form part of the debt and investment decision-making criteria both within the strategy and operational considerations.

1.6 Refinancing Risk Management

Refinancing risk

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Council for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

1.6.1 Debt/other capital financing maturity profiling, policies and practices

The maturity profile of debt will be monitored and used to minimize any refinancing risk in consultation with the Council's treasury advisors. Any debt rescheduling is likely to take place when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored. The reasons for any rescheduling to take place will include:

- (a) The generation of cash savings at minimum risk;
- (b) To reduce the average interest rate;
- (c) To enhance the balance of the long term portfolio (amend the maturity profile and /or the balance of volatility)

1.6.2 Projected capital investment requirements

The Council will prepare forecasts of capital investment needs and resources covering at least a three-year period within the Medium Term Financial Plan (MTFP). This will identify capital financing requirements and therefore the need

to borrow to finance the capital programme. The MTFP provides details of the Council's financial plans covering a three-period and is updated on an annual basis.

1.6.3 **Policy concerning limits on revenue consequences of capital financings**

As part of compliance with the CIPFA Prudential Code, the Council will consider the revenue consequences of any capital scheme to ensure it is affordable, prudent and sustainable.

1.7 **Legal and Regulatory Risk Management**

Legal and regulatory risk

The risk that the Council itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

1.7.1 **References to relevant statutes and regulations**

The treasury management activities of the Council shall comply with legal statute and the regulations of the Council.

1.7.2 **Procedures for evidencing the Council's powers/authorities to counterparties**

The Council will prepare, adopt and maintain, as the cornerstones for effective treasury management:-

- (a) A Treasury Management Policy Statement, stating the overriding principles and objectives of its Treasury Management activities.
- (b) Treasury Management Practices, setting out the manner in which the Council will achieve those principles and objectives, and prescribing how it will manage and control those activities.

1.7.3 **Required information from counterparties concerning their powers/authorities**

Lending shall only be made to counterparties on the authorised list and borrowings will only be undertaken from recognized and reputable counterparties to comply with TMP 9 *Money Laundering*.

Durham County Council hold letters verifying that the approved brokers are regulated by the Financial Services Authority under the provisions of the Financial Services and Markets Act 2000, under which Local Authorities are classified as market counterparties.

Building Societies are members of Building Society Association and are governed by Building Society Act 1986.

Banks are regulated by the Financial Services Authority under the provisions of the Financial Services and Markets Act 2000.

1.7.4 **Statement on the Council's political risks and their management**

The Authority recognises that future political, legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the authority.

1.8 **Fraud, Error and Corruption, Business Continuity and Contingency Management Arrangements**

Fraud, error and corruption, business continuity and contingency risk

The risk that the Council fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures to maintain effective business continuity and contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

1.8.1 **Details of systems and procedures to be followed, including internet services**

The Treasury Management function is subject to a regular review by the Council's Internal Audit Service. The systems and procedures followed are described overleaf:

Authority:

- The Scheme of Delegation to Officers sets out the appropriate delegated levels. All loans and investments, including PWLB, are negotiated by the Corporate Director of Resources or authorized persons.

Occurrence:

- Detailed register of loans and investments is maintained.
- Adequate and effective cash flow forecasting records are maintained to support the decision to lend or borrow.
- Written confirmation is received from the lending or borrowing institution
- All transactions placed through the brokers are confirmed by a broker note, showing details of the loan arranged.

Completeness:

- The loans register is updated to record all lending and borrowing. This includes the date of the transaction and interest rates and covers both Treasury Management loans and others to third parties that are not part of the routine Treasury Management activity.

Measurement:

- The Treasury Management team checks the calculation of repayment of principal and interest notified by the lender or borrower for accuracy.
- The Treasury Management team calculates periodic interest payments of PWLB and other long-term loans. This is used to check the amount paid to these lenders.

Timeliness:

- The Treasury Management team maintains an up to date diary and register that clearly identifies when money borrowed or lent is due to be repaid.

Regularity:

- Lending is only made to institutions on the Approved List or as specifically approved by Cabinet for loans that are outside the usual Treasury Management activity.
- All loans raised and repayments made go directly to and from the institutions bank account.
- Authorisation limits are set for every institution (see 1.1.1).
- A list of named officials authorised to perform loan transactions is maintained.
- There is adequate Fidelity Guarantee insurance cover for employees involved in loans management and accounting.

1.8.2 Contingency planning and business continuity management arrangements

If the Electronic Banking System fails, there is a contingency arrangement in place with the Bank whereby cash balances can be obtained from Lloyds Bank, and the Council can make CHAP payment instructions (which are normally input

directly into the electronic payment system) to Lloyds, via telephone and/or e-mail.

In the event of a business continuity problem, which prevents access to the electronic payment system, the present contingency management arrangements will be invoked.

1.8.3 Insurance cover details

The officers concerned in the treasury management function are covered by appropriate fidelity guarantee insurance.

1.9 Market Risk Management

Market risk

The risk that, through adverse market fluctuations in the value of the principal sums invested, the Council's stated treasury management policies and objectives are compromised, so it has not protected itself adequately against the effects of the fluctuations.

1.9.1 Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDs, etc.)

The Council does not normally make investments where the capital value may fluctuate. Investment instruments used by external fund managers are subject to fluctuations in capital and exposure to interest rate risk. The Council does not currently use external fund managers but will keep the situation under review. In order to minimise the risk of fluctuations in capital value of investments, capital preservation is set as the primary objective.

TMP2 Best Value and Performance Measurement

2.1 Methodology To Be Applied For Evaluating The Impact Of Treasury Management Decisions

The Council's Treasury Management consultants are required to carry out a health check of our Treasury Management function.

2.2 Policy Concerning Methods For Testing Best Value In Treasury Management

2.2.1 Frequency and processes for tendering

Tenders are awarded for a minimum of two years, with an option to extend for up to a further two years. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.2.2 Banking services

Banking services will be reviewed every 5 years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

2.2.3 Money-broking services

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of brokers will be established which takes account of both prices and quality of services. The Corporate Director of Resources may add brokers to the list during the year, providing they meet the council's standards and requirements.

2.2.4 Consultants'/advisers' services

This Council's policy is to separately appoint professional treasury management consultants and leasing advisory consultants.

2.2.5 Policy on External Managers (Other than relating to Superannuation Funds)

The Council's current policy is not to use an external investment fund manager to manage a proportion of surplus cash. This will be kept under review.

2.3 Methods To Be Employed For Measuring The Performance Of The Council's Treasury Management Activities

Performance of the Treasury Management function will be measured against annual Treasury Management Strategy Statement targets and in compliance with the CIPFA Code of Treasury Practice.

Performance will be monitored against approved budgets and internally agreed targets.

TMP3 Decision-Making And Analysis

3.1 Funding, Borrowing, Lending, And New Instruments /Techniques:

3.1.1 Records to be kept

- (a) Daily cash projections.
- (b) Telephone / e-mail rates.
- (c) Dealing ticket for all money market transactions.
- (d) PWLB loan schedules.
- (e) Local bond certificates (if used).
- (f) Market bond certificates (if used).
- (g) Temporary loan receipts (if used).
- (h) Brokers confirmations for deposits/investments.
- (i) Contract notes received from fund managers (if used).
- (j) Fund managers valuation statements (if used).
- (k) Confirmation notes from borrowers.

3.1.2 Processes to be pursued

- (a) Cash flow analysis.
- (b) Maturity analysis.
- (c) Ledger reconciliations
- (d) Review of borrowing requirement.
- (e) Monitoring of projected loan charges and interest and expenses costs.
- (f) Review of opportunities for debt rescheduling.
- (g) Collation of performance information.

3.1.3 Issues to be addressed.

3.1.3.1 *In respect of every decision made the Council will:*

- (a) Above all be clear about the nature and extent of the risks to which the Council may become exposed.
- (b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- (c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- (d) Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded
- (e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

3.1.3.2 *In respect of borrowing and other funding decisions, the Council will:*

- (a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- (b) Consider the merits of alternative forms of funding, including (but not exclusively) funding from revenue, leasing and private partnerships
- (c) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- (d) Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

3.1.3.3 *In respect of investment decisions, the Council will:*

- (a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions.
- (b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.

TMP4 Approved Instruments, Methods And Techniques

4.1 Approved Activities Of The Treasury Management Operation

- (a) Borrowing;
- (b) Lending;
- (c) Debt repayment and rescheduling;
- (d) Consideration, approval and use of new financial instruments and treasury management techniques;
- (e) Managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- (f) Managing cash flow;
- (g) Banking activities;
- (h) Leasing.

4.2 Approved Instruments For Investments

All investments will comply with the Council's Annual Investment Strategy (which takes into account guidance issued by the Secretary of State concerning Local Authority investments). The instruments used will be:

- (a) Term deposits with banks and building societies
- (b) Term deposits with non-rated subsidiaries of an institution meeting the basic credit criteria
- (c) Debt Management Office
- (d) Treasury Bills
- (e) Term deposits with other Local Authorities and Parish Councils
- (f) Money market funds that meet the criteria set in the investment policy
- (g) Ultra-Short dated Bond Funds
- (h) Property Funds

4.3 Approved Methods And Sources Of Raising Capital Finance

Finance will only be raised in accordance with the Local Government and Housing Act 1989, and within this limit the council has a number of approved methods and sources of raising capital finance.

Borrowing will only be undertaken in keeping with the contents of the Prudential Code and within the limits determined through the approved Prudential Indicators and Treasury Management Strategy and, in respect of any long term borrowings, following consultation with the Corporate Director of Resources.

All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Corporate Director of Resources has delegated powers through this policy and the strategy to take the most appropriate form of borrowing from the approved sources.

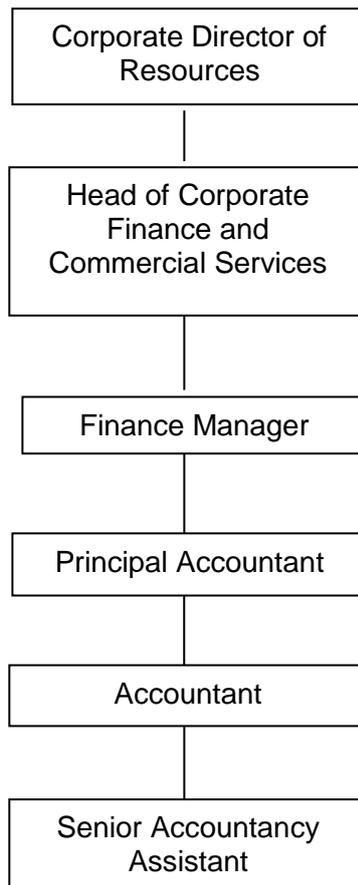
TMP5 Organisation, Clarity And Segregation Of Responsibilities, and Dealing Arrangements

Index Of Schedules:

- 5.1 Limits to responsibilities/discretion at Council/Director levels**
 - 5.2 Principles and practices concerning segregation of duties**
 - 5.3 Treasury management organisation chart**
 - 5.4 Statement of duties/responsibilities of each Treasury post and other officers involved with Treasury Management**
 - 5.5 Absence cover arrangements**
 - 5.6 Investment Dealing Limits**
 - 5.7 List of approved brokers**
 - 5.8 Policy on brokers' services**
 - 5.9 Policy on recording of conversations**
 - 5.10 Direct dealing practices**
 - 5.11 Settlement transmission procedures**
 - 5.12 Documentation requirements**
 - 5.13 Arrangements concerning the management of third-party funds.**
- 5.1 Limits To Responsibilities/Discretion At Council/Director Levels**
- (a) Council will receive and review reports on treasury management policies, practices and activities, and the annual treasury management strategy.
 - (b) The Corporate Director of Resources will be responsible for amendments to the Council's adopted clauses, treasury management policy statement and treasury management practices.
- 5.2 Principles And Practices Concerning Segregation Of Duties**

The Corporate Director of Resources will ensure there is always adequate segregation of duties in all transactions.

5.3 Treasury Management Organisation Chart



5.4 Statement Of Duties/Responsibilities Of Each Treasury Post And Other Officers Involved With Treasury Management

5.4.1 Corporate Director of Resources

(a) The Corporate Director of Resources will:

- Recommend clauses, treasury management policy/practices for approval, reviewing the same regularly and monitor compliance
- Submit Treasury Management reports to Council
- Authorise and maintain TMPs and Schedules
- Set, submit and monitor budgets
- Review the performance of the treasury management function.
- Ensure the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function
- Ensure the adequacy of internal audit and liaise with external audit
- Recommend the appointment of external service providers and brokers where appropriate.
- Approve and authorise investment deals (within dealing limits – see 5.6)

- (b) The Corporate Director of Resources has delegated powers to take the most appropriate form of borrowing from the approved sources and to take the most appropriate form of investments in approved instruments.
- (c) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of The Corporate Director of Resources to be satisfied, by reference to legal and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
- (d) The Corporate Director of Resources may delegate power to borrow and invest to members of staff to conduct all dealing transactions. All transactions must be processed by at least two specified named officers. Alternatively staff can be authorised to act as temporary cover for leave/sickness.

5.4.2 Head of Corporate Finance and Commercial Services

The treasury responsibilities of this post will be to assist the Corporate Director of Resources to:

- (a) Formulate the Treasury Management Strategy.
- (b) Identify and recommend opportunities for improved practices
- (c) Supervise Treasury Management staff
- (d) Monitor performance
- (e) Review the performance of treasury management functions

5.4.3 Finance Manager

The treasury responsibilities of this post will be to assist the Corporate Director of Resources and the Head of Corporate Finance and Commercial Services to:

- (a) Formulate the Treasury Strategy
- (b) Produce the Treasury Management reports to Council
- (c) Identify and recommend opportunities for improved practices
- (d) Supervise Treasury Management staff
- (e) Monitor performance
- (f) Review the performance of treasury management functions
- (g) Implement Treasury Management Strategy
- (h) Approve and authorise investment deals (within dealing limits – see 5.6)
- (i) Approve CHAPS payments/Faster Payments according to the limits in the Table of Payment Approval Responsibilities below
- (j) Arrange rescheduling or premature repayment of existing borrowings.

5.4.4 Principal Accountant

This post responsibilities to assist the Finance Manager – Commercial Capital Treasury to:

- (a) Formulate the Treasury Strategy.
- (b) Identify and recommend opportunities for improved practices
- (c) Supervise Treasury Management staff
- (d) Monitor performance

- (e) Review the performance of treasury management functions
- (f) Implement Treasury Management Strategy
- (g) Approve and authorise investment deals (within dealing limits – see 5.6)
- (h) Approve CHAPS payments/Faster Payments according to the limits in the Table of Payment Approval Responsibilities below

5.4.5 Accountant

This post has responsibilities to:

- (a) Calculate daily cash balances
- (b) Monitor performance and market conditions on a day to day basis and recommend investments
- (c) Adhere to agreed policies and procedures on a day to day basis
- (d) Enter transmission of monies via Lloyds Banking system
- (e) Approve CHAPS payments/Faster Payments according to the limits in the Table of Payment Approval Responsibilities below
- (f) Select Brokers from approved list
- (g) Adhere to agreed policies and practices on a day to day basis
- (h) Submit management information reports
- (i) Maintain cash flow projections
- (j) Record investment deals and obtain third party loan confirmation
- (k) Identify and maintain relationships with 3rd parties and external partners
- (l) Ensure counter party limits are not exceeded

5.4.6 Senior Accountancy Assistant/Principal Accountancy Assistant

This post has responsibilities to:

- (a) Calculate daily cash balances
- (b) Enter transmission of monies via Lloyds Banking system
- (c) Select Brokers from approved list
- (d) Adhere to agreed policies and practices on a day to day basis
- (e) Submit management information reports
- (f) Maintain cash flow projections
- (g) Obtain third party loan confirmation
- (h) Ensure counter party limits are not exceeded

Table of Payment Approval Responsibilities

Monetary Limit per Investment	Number of Approvers	Level of Approver Required
Up to £100,000	1	Any one of Accountant/Principal Accountant/Finance Manager
£100,000 to £20,000,000	2	Any two of Accountant/Principal Accountant/Finance Manager
£20,000,000 to £30,000,000	2	Any two of Principal Accountant/Finance Manager

5.5 Absence Cover Arrangements

The Corporate Director of Resources is responsible for ensuring that adequate arrangements are in place to cover staff absences.

5.6 Investment Dealing Limits

Dealings can be carried out providing that transactions are within limits determined by the council and the Corporate Director of Resources as detailed in the table below:

Officers	Limits
Corporate Director of Resources and Head of Corporate Finance and Commercial Services	As per limits set within the Treasury Management Strategy
Finance Manager & Principal Accountant	As per limits set within the Treasury Management Strategy for dealings of up to 12 months
Accountant	As per limits set within the Treasury Management Strategy for dealings of up to 12 months, in consultation with Finance Manager or Principal Accountant

5.7 List Of Approved Brokers

A list of approved brokers is maintained within the Treasury Management section and a record of all transactions recorded against them.

5.8 Policy On Brokers' Services

It is the council's policy to divide business between brokers.

5.9 Policy On Recording Of Conversations

It is not Council Policy to record broker's conversations

5.10 Direct Dealing Practices

It is an acceptable practice for the council to make direct dealings with suitable counterparties if the use of Brokers does not provide a satisfactory financial arrangement at any time.

5.11 Settlement Transmission Procedures

All payments and repayments resulting from the treasury management function will be made via the authority's bank account using the electronic payment facility (with Lloyds Banking system). Only authorised officers can transmit,

approve or release payments, protected by appropriate passwords and a card operated security arrangements. A manual back up facility, agreed with Lloyds Bank, is in place to cover system failure.

5.12 Documentation Requirements

For each deal undertaken a record should be prepared giving details of amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.13 Arrangements Concerning The Management Of Third-Party Funds

The authority manages funds under delegated powers for the Office of the Durham Police, Crime and Victims' Commissioner, the Durham County Council Pension Fund and the North East Combined Authority.

TMP6 Reporting Requirements And Management Information Arrangements

6.1 Annual Treasury Management Strategy

The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial. This strategy will be submitted to Council for approval before the commencement of each financial year.

The formulation of the annual treasury management strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter term variable interest rates.

The Treasury management statement is concerned with the following elements:

- (a) Summary Treasury Position;
- (b) Borrowing Strategy;
- (c) Other Debt and Long Term Liability Plans
- (d) Cash Investment Strategy;
- (e) Non-Treasury Investments
- (f) Treasury Management Indicators;
- (g) Prudential Indicators;
- (h) MRP Policy Statement;
- (i) Other Matters

6.2 Mid-Year Review Of Annual Treasury Management Activity

A report will be presented to the Council detailing performance for the six months to 30th September against the items reported in the annual strategy. The report will be presented to Council at the earliest practicable meeting after the mid-year point.

6.3 Annual Performance Report

An annual report will be presented to the Council at the earliest practicable meeting after the end of the financial year, but in any case, by the end of September. This report will include the following:

- (a) Summary Treasury Position;
- (b) Borrowing Activity;
- (c) Other Debt and Long Term Liability Activity;
- (d) Investment activity;
- (e) Treasury Management Indicators;
- (f) Prudential Indicators;

TMP7 Budgeting, Accounting And Audit Arrangements

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognized by statute as representing proper accounting practices.

7.2 Accounting Practices And Standards

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in Great Britain. The Council adopts in full the principles set out in:

- (a) the CIPFA Code of Practice on Treasury Management in the Public Services;
- (b) the CIPFA Prudential Code for Capital Finance in Local Authorities;
- (c) the Code of Practice on Local Authority Accounting in the United Kingdom (Statement of Recommended Practice);
- (d) Statutory Guidance on Local Authority Investments;
- (e) Statutory Guidance on Minimum Revenue Provision and
- (f) any other mandatory guidance covering this service area.

7.3 Budgeting And Accounting Arrangements

The Finance Manager will prepare an annual budget for treasury management, which will bring together all the expenditure incurred with regard to this activity, as well as the associated income. The Finance Manager will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with section TMP6 *Reporting Requirements and Management Information Arrangements*.

All transactions for loans, repayments and interest paid and received are recorded to general ledger codes reserved for these purposes.

7.4 List Of Information Requirements Of Internal And/Or External Auditors

Durham County Council will ensure that all those charged with regulatory review, including internal and external auditors, have access to all information and papers supporting the activities of the treasury management function.

TMP8 Cash And Cash Flow Management

8.1 Arrangements For Preparing/Submitting Cash Flow Statements

The authority will monitor and complete daily cashflow forecasts for major items of income and expenditure. The annual and monthly cash flow projections are prepared from the previous year's daily cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. Additionally, a strategic cashflow forecast will be prepared annually and updated as necessary.

TMP9 Money Laundering

9.1 Procedures For Establishing Identity/Authenticity Of Lenders

The Authority will only accept loans from individuals where the funds are transferred through a United Kingdom domiciled bank account. All other loans are obtained from the PWLB or from authorised institutions under the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) is responsible for maintaining a register of authorised institutions. This register can be accessed through their website at <https://register.fca.org.uk/>

9.2 RECONCILIATION OF DEPOSITS

All deposits are identified and reconciled on a daily basis. The source of each deposit is verified so they can be allocated to the appropriate fund within the main accounting system. Staff will be kept aware of developments in money laundering regulations and will be encouraged to keep abreast of money laundering issues through specific training, publications and the Internet. The Council's nominated Money Laundering Reporting Officer (MLRO), the Chief Internal Auditor & Corporate Fraud Manager is responsible for reporting on the Council's Anti-Money Laundering Policy. The latest policy was approved by [Audit Committee on 31 July 2018.](#)

TMP10 Staff Training And Qualifications

10.1 Details Of Training Arrangements

The Corporate Director of Resources is committed to ensuring that staff engaged in Treasury Management activities are appropriately trained, so they can carry out their duties to the required standards.

Staff employed in the treasury management function will be qualified to the level that is appropriate to their post. All staff will be given appropriate basic training before fulfilling their treasury management duties for the first time and will be expected to undertake continuous training as appropriate to enable them to keep up to date with all aspects of treasury management within their responsibility.

Training courses run by CIPFA and other training providers such as our Treasury Management advisors will form the major basis of ongoing staff training. Records will be kept of all courses and seminars attended by staff as part of their annual appraisal. The authority will take all reasonable steps to ensure that staff are adequately trained.

CIPFA members are required to abide by CIPFA's Ethics Standard on Professional Practice (SOPP).

TMP11 Use Of External Service Providers

11.1 Details Of Contracts With Service Providers, Including Bankers, Brokers, Consultants, Advisers

11.1.1 Banking services

- (a) Name of supplier of service is Lloyds Bank plc. The branch address is:
19 Market Place
Durham
DH1 3NL
- (b) Contract commenced 5th January 2015 and runs for a minimum 5 years, subject to one year's notice, such notice to expire after the minimum period
- (c) Cost of service is variable depending on schedule of tariffs and volumes agreed at the beginning of the contract

11.1.2 Money-broking services

Name of suppliers of service:

- (a) Martin Brokers (UK) plc
- (b) Tradition (UK) Ltd
- (c) King and Shaxson
- (d) BGC Brokers
- (e) Tullett Prebon (Europe) Limited

The Corporate Director of Resources may add brokers to the list during the year, providing they meet the council's standards and requirements. No commission is paid by the Council to any money broker.

11.1.3 Consultants/advisers services

- (a) Treasury Consultancy Services

Name of supplier of service is Link Asset Services Their address is:
65 Gresham Street
London
EC2V 7NQ

- (b) Leasing Consultancy Services.

Name of the supplier of the service is Link Asset Services. Their address is:

65 Gresham Street
London
EC2V 7NQ

The cost of the service is dependent upon the value of leasing drawdowns which take place throughout the year.

- (c) External Fund Managers

There are none at present.

External Fund Managers and other consultancy services may be employed on short term contracts as and when required.

TMP 12 CORPORATE GOVERNANCE

12.1 LIST OF DOCUMENTS TO BE MADE AVAILABLE FOR PUBLIC INSPECTION

To support the implementation of a robust corporate governance policy, the following documents are available for public inspection:

- (a) Treasury Management Practices;
- (b) Treasury Management Strategy;
- (c) Mid-year Treasury Management Review;
- (d) Annual Treasury Management Report;
- (e) Annual Statement of Accounts, and
- (f) Annual Budget

Appendix 13: Property Investment Strategy

Purpose

- 1 The purpose of the Property Investment Strategy is to set out the Council's objectives relating to investing in property. It identifies the benefits, risks and approach to acquiring property in order to support the Council's priorities.

Definition of an Investment Property

- 2 This strategy defines an investment property as "an asset acquired by the Council for the purposes of income generation and profit creation", in line with the definition in the Statutory Guidance issued under Section 15(1)(a) of the Local Government Act 2003. Through the acquisition there may be secondary benefits achieved, such as new jobs created or existing jobs safeguarded. However, the primary purpose of the acquisition as an investment will be to provide a source of income to the Council.

Introduction

- 3 Over the past five years local authority investment within the commercial property market has grown, due to the return on investment opportunities presented by this market segment. As a result of the changing nature of budgets in local government, the Council is looking towards this market to support its overall priorities.
- 4 To ensure that investment decisions fit with the Council's requirements, this strategy has been prepared to set out the investment framework and policy to apply to the acquisition of commercial property investments. This will ensure that any opportunities considered are evaluated against agreed criteria and the risks and returns associated with these investments are fully appraised.
- 5 The overall aim of the strategy is to create a framework that ensures that all relevant issues are considered when the Council analyses a property investment opportunity. The Council will need to balance commercial risks against the opportunity to delivering term, sustainable revenue streams for the Council, together with potential for capital growth from investments. Investments could also help to generate economic growth and secure or protect jobs. The objectives of this strategy will ensure acquisition, management and returns relating to investments made continue to deliver against the Council's priorities throughout their lifespan.
- 6 Set against key objectives the strategy will not only cover the income opportunities for the Council, but also the wider regeneration benefits that will be delivered, particularly in relation to acquisitions within the County boundary.

Objectives

- 7 The key objectives of the Property Investment Strategy are consider investment opportunities which achieve the following:
- delivers a sustainable revenue stream;
 - contributes towards a balanced investment portfolio;
 - protects existing capital value or delivers capital growth opportunities, as the market dictates;
 - maximises income within the agreed acceptable risk levels;

Investment Proposal

- 8 The Council have already taken opportunities to invest in property located within the County, where this decision has met the wider council objectives. This consists of surplus freehold Council properties, that have been converted to successful commercial lets and leasehold properties sublet for income generation and to support regeneration.
- 9 Examples include the surplus Priory House now leased to Northumbria Water and the Council taking the head lease at Freemans Reach to support the retention of civil service jobs in Durham. Investment properties are defined separately for accounting purposes and will be identified as such within the asset register. Annex 1 provides a list of current properties held by the Council for investment purposes, which provide a rental income of approximately £390,000 per annum. This level of income is comparably small when compared with council gross expenditure of almost £1.1 billion.
- 10 This strategy forms the basis for the council investing in property on a balanced and risk assessed basis. The Council will consider acquiring investment interests in property, including the acquisition of head leases benefitting from the security of tenure the Council covenant can provide to investment institutions and developers. In addition freehold opportunities are not to be discounted, to provide the Council with flexibility should appropriate opportunities arise.

Investment Criteria

- 11 In order to assess whether an investment meets the objectives set out in the strategy, clear criteria have been established that forms the basis of an initial appraisal. These are set out in Table 1 below:

Table 1 - Investment Criteria

<p>A. Location</p>	<p>The priority of the strategy is to invest in the geographical and administrative boundary of County Durham as this meets the key objectives and minimises risk to the Council, in addition to providing wider benefits to the County's economy. This could also include investment opportunities that sit on the periphery of the County boundary, where it is proven that they meet the key objectives.</p>
<p>B. Economic Development</p>	<p>Opportunities in relation to economic development require consideration for any investment, in order to understand the wider benefits to the County. This should take into account relevant factors, including but not limited to inward investment potential, job creation and the quality of jobs created.</p>
<p>C. Sector</p>	<p>The consideration of sectors will be specific to each investment opportunity and will need to be appraised as such. Market performance, growth, alignment with key partners and supply and demand within sectors will need to be considered in terms of location within County Durham.</p> <p>To ensure an appropriate risk profile is achieved investments should be cross sector to enable diversification of risk and a spread across sectors. This will prevent over exposure in specific sectors.</p>
<p>D. Tenure</p>	<p>The acquisition of head leases will be considered and fully appraised, although freehold opportunities will also be considered, should appropriate opportunities arise. The strategy will prioritise the opportunities for return on investment balancing commercial risk and regeneration benefits against commercial risk.</p>
<p>E. Tenant Performance</p>	<p>Head lease and freehold options would result in the Council subletting in order to raise income. The initial appraisal will need to review the quality of tenants and the ability to observe rental commitments. This tenant risk profiling exercise is essential as it directly affects the risk profile of the investment.</p> <p>Full legal and financial due diligence will be required as part of the appraisal process. In addition, the activities undertaken by the tenant will need to be reviewed by the Council to ensure they are considered appropriate for public investment.</p>

<p>F. Occupier's Lease Length</p>	<p>The length of lease agreements is a key consideration for any investment decision and the Council will need to consider the risks associated with potential void levels and the ability to attract good quality tenants at appropriate rental levels. Shorter lease lengths and break clauses further compound this, although this should be reflected in the rental level received.</p> <p>In terms of risk profile the principle of the longer the lease the more secure the investment applies. However, this should consider break options that may exist in the agreement, alongside the financial status of the tenant.</p>
<p>G. Rental Income</p>	<p>Rental income will be considered alongside lease length and covenant strength as part of the appraisal. This will need to take into account cost of voids, rental levels, rent reviews and break clauses.</p>
<p>H. Building Quality</p>	<p>Consideration of the building age and specification is a deciding factor in any investment as it can determine the lifespan, condition and capital expenditure levels required to ensure it remains available for let. An initial appraisal of this will be completed to consider the quality of the building against the proposed length of the Council's tenure.</p> <p>In addition, any acquisition of new build will need to consider the track record of the developer and main contractor, together with the security of warranties and contractual arrangements.</p>
<p>I. Repairing Obligations</p>	<p>Leases in the market can vary in terms of the repairing responsibilities that the landlord retains. In terms of initial appraisal, lease terms that transfer the repairing obligation to the tenant are more favourable, than those that require the landlord take more responsibility.</p>
<p>J. Yield / Return</p>	<p>Yield will be considered as part of the initial appraisal and will be directly impacted by a number of the other appraisal criteria. This will inform the return anticipated on the investment, which would need to be considered acceptable in order to progress further.</p>

Governance Arrangements

- 12 All investment opportunities will need to be subject to an initial appraisal. The initial appraisal will be carried out at officer level and if considered appropriate will be then progress to a full business case. The business case will set out the detailed due diligence work, risk assessment and confirm that the investment meets the key objectives in order to establish the suitability of the investment. In some cases, the appointment of an external investment advisers may be required, where additional advice is necessary.
- 13 The completed full business case will need to be submitted to the Head of Corporate Finance and Commercial Services who will be required to work with service, property, legal and technical experts to assess the opportunity. The current constitution requires that any decision on investment will then need to go to Cabinet for approval. However due to the fast paced nature of the investment process delegated powers may need to be utilised on occasion with full consultation with Portfolio Holders. All acquisitions will be subject to a building survey, valuation and completed business case.

Management Arrangements

- 14 All investment properties held by the Council will be subject to appropriate management, monitoring and review throughout the financial year. Any variation from budgeted performance will be reported as part of the quarterly forecast of outturn reports to Cabinet and Scrutiny. If performance is lower than originally forecast considerations will be given to opportunities to improve performance. Active management of the portfolio on a day to day basis will be undertaken by the council's Corporate Property and Land and Finance Teams, in line with the proposed Corporate Landlord model.
15. If an investment is considered to be underperforming, or no longer meets the key objectives then an exit strategy will be prepared.

Annex1 – Existing Investment Properties

UPRN	Asset Name	Acquired by DCC	DCC Tenure
50621S01	Durham Wearside House (National Savings)	28/01/15	Leasehold
50658S01	Durham Freemans Reach (Passport Office)	18/03/16	Leasehold
50659S01	Durham Freemans Reach Kiosk	18/03/16	Leasehold
50660S01	Durham Freemans Reach Hydro-Turbine	28/01/15	Leasehold
3372S01	Northumbria House, Aykley Heads, Durham	Transferred to investment 01/11/14	Freehold
3230S01	Priory House, Pity Me, Durham	Transferred to investment 04/07/16	Freehold

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Cabinet

10 February 2021

**School Admission Arrangements
Academic Year 2022/23**



Key Decision No. CYPS/09/2020

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 The purpose of this report is to ask Cabinet to consider and approve the proposed admission arrangements and oversubscription criteria for Community and Voluntary Controlled Schools for the 2022/23 academic year.

Executive summary

- 2 It is a mandatory requirement of the National School Admissions Code that all schools must have admission arrangements that clearly set out how children will be admitted, including the criteria that will be applied if there are more applications than places at the school.
- 3 Admission authorities must agree admission arrangements annually. However, if there are no changes proposed, they only need to be consulted on at least every 7 years. The current admission arrangements were consulted on between 1 October to 31 December 2019. The current oversubscription criteria were introduced in 2011/12. These are listed as Appendix 2. The fifth criterion is "Applicants to their nearest School. Those children who have applied for a place at the nearest school to their home address measured by the shortest walking route". If some children considered within the above criterion cannot get a place at the preferred school, the following tie - breaker is applied "priority will be given to those who would otherwise have to travel the furthest distance to the next nearest school".

- 4 Consultation commenced in September 2020 on a proposal to amend the tie - breaker in the Council's published oversubscription criteria for admission to community secondary schools from September 2022 to "Applicants to their nearest School. Those children who live closest to the nearest school to their home address measured by the shortest walking route".
- 5 76 responses were received to the consultation, 26 in support of the proposed change and 50 not in support. Most responses not in support of the proposed change were from residents and parents living in Fencehouses, Bournmoor and Lumley as well as the Local Member for Lumley who felt that they would have greater difficulty in getting a place at Park View School than they do currently. Those who support the proposed change feel that it is a fairer and more easily understood method of determining who gets a place and who does not.
- 6 The proposed change applies to only community secondary schools or those academies who use the Council's oversubscription criteria. For the school year 2021/22 Park View School amended its oversubscription criteria, as it is at liberty to do so with it being an academy, so that they are no longer the same as the Council's. One of the changes made is for the tie – breaker within the nearest school criterion to be that which the Council is considering introducing for the 2022/23 academic year. Consequently, regardless of whether the Council agrees to the proposed change to its oversubscription criteria, it will have no impact on children whose parents wish for them to attend Park View School. It would only impact on them if they express a preference for a place at a school or academy where the tie - breaker within the nearest school criterion is the same as the Council's.
- 7 The proposed admission number for each Community and Voluntary Controlled School is also detailed in Appendix 2 to the report.

Recommendation(s)

- 8 Cabinet is asked to agree the following recommendations in respect of Community and Voluntary Controlled Schools when determining the admission arrangements for 2022/2023:
 - (a) that the proposed admission numbers as recommended in Appendix 2 be approved;
 - (b) that the admission arrangements at Appendix 3 be approved. These arrangements include the proposed change to the tie – breaker in the Council's oversubscription criteria to "those children who live closest to the nearest school to their home address measured by the shortest walking route".

Background

- 9 It is a mandatory requirement of the national School Admissions Code that all schools must have admission arrangements that clearly set out how children will be admitted, including the criteria that will be applied if there are more applications than places at the school (oversubscription). Admission arrangements are determined by admission authorities. The Local Authority (LA) is the admission authority for Community and Voluntary Controlled Schools, while the Governing Body is the admission authority for Voluntary Aided and Foundation Schools and the relevant Trust for an Academy or Free School.
- 10 All admission authorities must agree admission arrangements annually. Where changes are proposed to admission arrangements the admission authority must first consult on these arrangements. If there are no changes proposed they only need to be consulted on at least every seven years. Consultation must be for a minimum of six weeks and take place between 1 October and 31 January of the year before these arrangements are to apply. This consultation period allows parents, other schools, religious authorities and the local community to raise any concerns about proposed admission arrangements.
- 11 Stakeholders are consulted on:
 - (a) the number of pupils to be admitted in each year group (the proposed admission number);
 - (b) the application and administrative procedures for admissions, including LA co-ordination with other admission authorities;
 - (c) the criteria to be used in the event of over-subscription.

Consultation and Consideration

- 12 Consultation was carried out on a proposal to amend the tie - breaker in the Council's published oversubscription criteria for admission to community secondary schools from September 2022 to "Applicants to their nearest School. Those children who live closest to the nearest school to their home address measured by the shortest available walking route". There were no other changes proposed to the current admission arrangements for Community and Voluntary Controlled Schools that required public consultation, other than that some schools have a proposed reduction in the admission number due to a change in the net capacity or for the purposes of more efficient and effective curriculum delivery.
- 13 76 responses were received to the consultation, 26 in support of the proposed change and 50 not in support. Most responses not in support

of the proposed change were from residents and parents living in Fencehouses, Bournmoor and Lumley who felt that they would have greater difficulty in getting a place at Park View School than they do currently. Those who support the proposed change feel that it is a fairer and more easily understood method of determining who gets a place and who does not.

- 14 The proposed change applies to only community secondary schools or those academies who use the Council's oversubscription criteria. For the school year 2021/22 Park View School amended its oversubscription criteria, as it is at liberty to do so with it being an academy, so that they are no longer the same as the Council's. One of the changes made is for the tie – breaker within the nearest school criterion to be that which the Council is considering introducing for the 2022/23 academic year. Consequently, regardless of whether the Council agrees to the proposed change to its oversubscription criteria, it will have no impact on children whose parents wish for them to attend Park View School. It would only impact on them if they express a preference for a place at a school or academy where the tie - breaker within the nearest school criterion is the same as the Council's.
- 15 All Governing Bodies/Trusts have considered the proposed admission number for their school. The proposed admission number for each Community and Voluntary Controlled School is detailed in Appendix 2 of the report which Cabinet will be asked to approve. The admission numbers for Voluntary Aided, Foundation Schools, Academies and the UTC, South Durham are included for information. Consultation was undertaken between 1 October 2020 and 20 November 2020 on schools where a reduction to the admission number was proposed.

Statutory Requirements and Future Implications

- 16 It is a statutory requirement of all admission authorities that admission arrangements for 2022/23 are determined by 28 February 2021 and these must be published on their website not later than 15 March 2021 (Regulations 17 and 18 of the School Admissions Regulations 2012). The LA must receive a copy of the admissions arrangements of other authorities, including Academies, before 15 March 2021 and provide details on its website of where these can be viewed. Information on how to refer objections to the Schools' Adjudicator will also be available on the website.
- 17 The oversubscription criteria in respect of Community and Voluntary Controlled Schools, which include the proposed change to the tie - breaker, are included in Appendix 3.
- 18 The LA must publish online, with hard copies available for those who do not have access to the internet, a composite prospectus for parents by

12 September 2021, which contains the admission arrangements for each of the state-funded schools in the LA area to which parents can apply.

- 19 The LA would be in breach of a statutory duty if admission arrangements were not determined by 28 February 2021 and published on the Council's website by 15 March 2021.

Background papers

- School Admissions Code/Regulations - DfE

Other useful documents

- None.

Author(s)

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Appendix 1: Implications

Legal Implications

There will be a breach of the statutory duty imposed on the Authority if admission arrangements are not determined by 28 February 2021 and published by 15 March 2021.

Finance

Admission arrangements can impact on the number of pupils that are offered places in schools which is used as a basis for allocating school budgets.

Consultation

Consultation has been undertaken in accordance with DfE Guidance.

Equality and Diversity / Public Sector Equality Duty

The School Admissions Code exists to ensure fairness and equity in school admission arrangements. An Impact Assessment of the admission arrangements on specific groups has been undertaken. There is no evidence of discrimination against any groups. A copy of the Impact Assessment is attached as Appendix 4.

Climate Change

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Implications are at school level.

Accommodation

Relates to best overall use of school buildings.

Risk

The risk to the LA is that there will be a breach of the statutory duty imposed if admission arrangements are not determined by 28 February 2021 and published by 15 March 2021.

Procurement

Not applicable.

Appendix 2: Proposed Admission Numbers 2022/23

Number	Community and Voluntary Controlled (inc. controlled Church of England - CE - and Endowed Parochial - EP) Infant, Junior and Primary Schools	Proposed Admission Number 2022/23	Recommendation to Cabinet
2000	Ropery Walk Primary	45	Agree
2001	Middlestone Moor Primary	38	Agree
2003	North Park Primary	38	Agree
2004	Seascape Primary	45	Agree
2005	Pelton Community Primary	55	Agree
2043	Westlea Primary	38	Agree
2105	Edmondsley Primary	25	Agree
2107	Lumley Junior	49	Agree
2108	Lumley Infant	60	Agree
2114	West Pelton Primary	15	Agree
2116	Nettlesworth Primary	15	Agree
2125	Red Rose Primary	45	Agree
2126	Fence Houses Woodlea Primary	30	Agree
2133	Cestria Primary	60	Agree
2146	Bournmoor Primary	25	Agree
2185	Cotherstone Primary	12	Agree
2205	Beamish Primary	15	Agree
2208	Collierley Primary	28	Agree
2210	Catchgate Primary	38	Agree
2212	Annfield Plain Junior	42	Agree
2213	Annfield Plain Infant	40	Agree
2217	East Stanley Primary	34	Agree
2232	Burnside Primary	30	Agree
2234	Burnopfield Primary	50	Agree
2257	Shotley Bridge Primary	60	Agree
2259	Leadgate Primary	30	Agree
2261	Burnhope Primary	15	Agree
2266	Castleside Primary	20	Agree
2269	The Grove Primary	25	Agree
2272	Delves Lane Primary	50	Agree
2276	Moorside Primary	26	Agree
2277	Consett Junior	60	Agree
2278	Consett Infant	60	Agree
2301	Hamsterley Primary	7	Agree
2302	Hunwick Primary	30	Agree
2307	Tow Law Millennium Primary	20	Agree
2308	Crook Primary	60	Agree
2311	Peases West Primary	15	Agree
2313	Stanley (Crook) Primary	19	Agree
2316	Sunnybrow Primary	19	Agree
2318	Howden Le Wear Primary	25	Agree
2319	Frosterley Community Primary	15	Agree

2321	Rookhope Primary	6	Agree
2322	St John's Chapel Primary	8	Agree
2324	Wearhead Primary	6	Agree
2326	Willington Primary	30	Agree
2328	Witton-le-Wear Primary	15	Agree
2329	Wolsingham Primary	30	Agree
2330	Oakley Cross Primary	26	Agree
2351	Byers Green Primary	15	Agree
2361	Kirk Merrington Primary	25	Agree
2362	Cassop Primary	20	Agree
2368	Ferryhill Station Primary	15	Agree
2370	West Cornforth Primary	30	Agree
2372	Coxhoe Primary	52	Agree
2374	Kelloe Primary	21	Agree
2385	Dean Bank Primary	30	Agree
2388	Bowburn Primary	75	Agree
2394	Ox Close Primary	45	Agree
2399	Fishburn Primary	30	Agree
2400	Broom Cottages Primary	45	Agree
2401	Etherley Lane Primary	49	Agree
2409	Ramshaw Primary	11	Agree
2410	Forest-of-Teesdale Primary	5	Agree
2411	Aycliffe Village Primary	25	Agree
2413	Butterknowle Primary	12	Agree
2417	Escomb Primary	30	Agree
2419	St. Helen Auckland Primary	30	Agree
2423	Thornhill Primary	30	Agree
2426	Toft Hill Primary	26	Agree
2428	Woodland Primary	12	Agree
2430	Middleton in Teesdale Primary	25	Agree
2433	Cockton Hill Junior	60	Agree
2434	Cockton Hill Infant	60	Agree
2438	Timothy Hackworth Primary	60	Agree
2440	Cockfield Primary	15	Agree
2442	Montalbo Primary	30	Agree
2453	New Brancepeth Primary	17	Agree
2455	Langley Moor Primary	30	Agree
2462	Witton Gilbert Primary	30	Agree
2470	Pittington Primary	30	Agree
2472	Ludworth Primary	15	Agree
2473	Sherburn Primary	30	Agree
2475	West Rainton Primary	24	Agree
2477	Bearpark Primary	15	Agree
2481	Nevilles Cross Primary	42	Agree
2488	Newton Hall Infant	60	Agree
2497	Esh Winning Primary	38	Agree
2498	Belmont Cheveley Park Primary	30	Agree
2499	Laurel Avenue Primary	15	Agree
2509	Hesleden Primary	19	Agree
2516	Deaf Hill Primary	26	Agree
2523	Thornley Primary	30	Agree

2526	Wheatley Hill Community Primary	30	Agree
2531	Wingate Primary	51	Agree
2532	Cotsford Primary	30	Agree
2536	Shotton Primary	60	Agree
2540	Acre Rigg Infant	64	Agree
2563	Sedgefield Primary	30	Agree
2593	Hardwick Primary	30	Agree
2704	Copeland Road Primary	25	Agree
2705	St Andrew's Primary	26	Agree
2706	Byerley Park Primary	30	Agree
2708	Horndale Infant	50	Agree
2729	Langley Park Primary	30	Agree
2733	Yohden Primary	30	Agree
2734	Howletch Lane Primary	57	Agree
2737	Blackhall Primary	55	Agree
2742	Vane Road Primary	60	Agree
2743	Sugar Hill Primary	60	Agree
2744	Roseberry Primary	42	Agree
2745	Bullion Lane Primary	45	Agree
2746	Easington Colliery Primary	81	Agree
2747	Gilesgate Primary	30	Agree
2748	Finchale Primary	30	Agree
2749	Benfieldside Primary	45	Agree
2750	King Street Primary	30	Agree
2751	Framwellgate Moor Primary	45	Agree
2943	Newker Primary	60	Agree
3031	Chester Le Street CE Primary	60	Agree
3063	Ebchester CE Primary	15	Agree
3085	St Stephen's CE Primary	30	Agree
3121	Green Lane CE Primary	30	Agree
3123	St Anne's CE Primary	30	Agree
3130	Evenwood CE Primary	15	Agree
3131	Gainford CE Primary	15	Agree
3141	Staindrop CE Primary	30	Agree
3161	Belmont CE Primary	52	Agree
3167	Shincliffe CE Primary	30	Agree
3168	Durham St Margaret's CE Primary	60	Agree
3182	Easington CE Primary	21	Agree
3183	Hutton Henry CE Primary	10	Agree
3213	Lanchester EP Primary	52	Agree
3516	Prince Bishops Community Primary	30	Agree
3518	Woodham Burn Community Primary	45	Agree
3519	Silver Tree Primary	30	Agree
3520	Seaview Primary	49	Agree
3522	Tanfield Lea Community Primary	50	Agree
3523	Woodhouse Community Primary	30	Agree
3524	Seaham Trinity Primary School	60	Agree
3525	Brandon Primary	58	Agree
3527	Shotton Hall Primary	50	Agree

Number	Community Secondary Schools	Proposed Admission Number 2022/23	Recommendation to Cabinet
4052	Fyndoune Community College	125	Agree
4162	Bishop Barrington School	180	Agree
4185	Belmont Community School	165	Agree
4191	Durham Sixth Form Centre	610	Agree
4192	Durham Community Business College for Technology and Enterprise	141	Agree
4200	Durham Johnston School	265	Agree
4200	Durham Johnston School Sixth Form	50	Agree
4218	Wellfield School	196	Agree

* Relates to admission limit for external students to Year 12 only. NB this need not be set if the school only receives ad hoc applications.

Number	Roman Catholic (RC) Aided/Church of England (CE) Aided Primary Schools	Admission Number 2022/23 Advised by Governing Body
3165	St Oswald's CE Primary, Durham	20
3300	St Cuthbert's RC Primary, New Seaham	30
3301	St Mary Magdalen RC Primary, Seaham	45
3303	Bowes Hutchinson CE Primary	10
3346	St Benet's RC Primary, Ouston	30
3381	St Joseph's RC Primary, Stanley	30
3382	St Patrick's RC Primary, Dipton	25
3384	St Mary's RC Primary, South Moor	21
3401	St Mary's RC Primary, Blackhill	30
3403	St Pius X RC Primary, Consett	15
3404	St Patrick's RC Primary, Consett	60
3409	Our Lady + St Joseph's, Brooms, RC Primary	17
3413	All Saint's RCVA Primary, Lanchester	30
3421	St Cuthbert's RC Primary, Crook	30
3425	Our Lady & St. Thomas RC Primary, Willington	18
3441	St. Michael's CE Primary (Bishop Middleham)	15
3444	St Charles' RC Primary, Tudhoe	30
3461	St Mary's RC Primary, Barnard Castle	15
3462	St Wilfrid's RC Primary	30
3469	St Joseph's RC Primary, Coundon	25
3470	St Mary's RC Primary, Newton Aycliffe	30
3472	St Francis CE Junior	41
3481	St Patrick's RC Primary, Langley Moor	15
3485	St Hild's CE Primary, Durham	30
3489	St Joseph's RC Primary, Gilesgate	22
3491	Blue Coat CE Junior	60
3492	St Thomas More RC Primary, Belmont	17
3501	St Joseph's RC Primary, Murton	30
3504	Our Lady of Lourdes RC Primary, Shotton	24
3506	St Joseph's RC Primary, Blackhall	13
3507	Our Lady Star of Sea RC Primary, Horden	17
3511	Blessed John Duckett RC Primary	12
3513	St John's CE Primary, Shildon	30

Number	Foundation Schools	Admission Number 2022/23 Advised by Governing Body
4176	Greenfield Community College, A Specialist Arts and Science School	180

Number	Primary Academies	Admission Number 2022/23 Advised by Governing Body
2002	Chilton Primary	54
2008	Acre Rigg Academy	64
2009	Victoria Lane Academy, Coundon	30
2010	Stephenson Way Academy and Nursery	55
2015	Browney Academy	25
2016	Rosa Street Primary	30
2017	Shield Row Primary	30
2018	Dene House Primary	50
2019	South Hetton Primary	30
2023	New Seaham Primary	38
2225	South Stanley Infant	60
2226	South Stanley Junior	52
2123	Sacriston Academy	30
2136	Ouston Primary	45
2233	Bloemfontein Primary	24
2310	Hartside Primary	30
2357	Bluebell Meadow Primary	60
2379	Tudhoe Colliery Primary	30
2397	Cleves Cross Primary and Nursery School	30
3087	Stanhope Barrington C of E Primary School	21
3134	Ingleton C of E Primary	15
3343	St. Cuthbert's RC Primary, Chester le Street	30
3344	St. Bede's RC Primary, Sacriston	15
3406	Esh CE Primary	15
3407	St Michael's RC Primary, Esh	28
3411	Bishop Ian Ramsey CE Primary School	30
3465	St Chad's RC Primary	15
3442	St William's RC Primary, Trimdon	20
3471	St Joseph's RC Primary, Newton Aycliffe	25
3483	Our Lady Queen of Martyr's RC Primary, Newhouse	12
3486	St Godric's RC Primary, Durham	30
3488	St Joseph's RC Primary, Ushaw Moor	15
3502	St. Godric's RCVA Primary, Thornley	15
3505	St. Mary's RCVA Primary, Wingate	12
3510	Our Lady of the Rosary RC Primary, Peterlee	45
3517	The Ribbon Academy, Murton	85
3526	Greenland Community Primary	51

Number	Secondary Academies	Admission Number 2022/23 Advised by Governing Body
4000	North Durham Academy	300
4001	Consett Academy	300
4001	Consett Academy – Sixth Form	100

4007	Teesdale School and Sixth Form Centre	156
4007	Teesdale School and Sixth Form Centre (Sixth Form)	*Not set
4008	Staindrop School	154
4009	Whitworth Park Academy	274
4019	Seaham High School	240
4047	Park View School	240
4047	Park View School Sixth Form	*Not set
4054	Hermitage Academy	200
4054	Hermitage Academy Sixth Form	*Not set
4099	Tanfield School, Specialist College of Science and Engineering	158
4128	Parkside Academy	180
4139	Wolsingham School	150
4150	Ferryhill Business and Enterprise College	165
4175	Woodham Academy	220
4178	King James 1 Academy	161
4178	King James 1 Academy Sixth Form	50
4190	Framwellgate School Durham	225
4190	Framwellgate School Durham Sixth Form	*Not set
4214	Dene Academy	210
4215	The Academy at Shotton Hall	230
4231	Sedgefield Community College	195
4280	Easington Academy	150
4006	UTC, South Durham	Y10 150, Y12 150
4681	St John's School and Sixth Form College, a Catholic Academy,	225
4681	St John's School and Sixth Form College, a Catholic Academy (Sixth form),	*Not Set
4691	St Leonard's Catholic School	232
4691	St Leonard's Catholic School Sixth Form	25
4693	St Bede's Catholic Comprehensive, Peterlee	180
4693	Byron Sixth Form College	*Not Set
4694	St Bede's Catholic School and Sixth Form College, Lanchester	220
4694	St Bede's Catholic School and Sixth Form College, Lanchester (Sixth form)	80

* Relates to admission limit for external students to Year 12 only. NB this need not be set if the school only receives ad hoc applications.

DURHAM COUNTY COUNCIL

ADMISSION ARRANGEMENTS

2022/23

OVERVIEW OF APPLICATION PROCEDURES FOR ADMISSION TO ALL SCHOOLS

For all schools, parents/carers must be invited to express at least 3 preferences on a common application form, in the rank order they wish their child to receive an offer of a place and invite parents to give their reasons for each preference. Application forms are obtainable from the County Council's website to download, if you do not have this facility you can contact School Places and Admissions to request an application form. Parents/carers can also apply through the on-line admissions application system accessed via the County Council website. Applications should be submitted to the LA by the published closing date. Places at any school are offered on the basis of equal preference rank order and where an offer is made it is for the highest ranked school at which the LA can offer a place.

The LA must inform other admission authorities of any application made for their schools and pass on any relevant supporting information. Each preference must be considered by the admission authority of the school concerned, where appropriate. The school should then provide the LA with a list of all children who have applied for a place, ranked in order of priority under the school's admission arrangements.

Parents/carers who are resident in one LA but who wish to apply for a place at a school maintained by another LA apply for a place through the maintaining LA's common application form. Neighbouring LAs must inform each other of applications received in respect of children from their LA area who wish to obtain a school place in another LA area.

The LA will then compare the lists for all schools in its area. When a child is eligible for a place at only one of the preferred schools, a place at that school will be offered to the child. Where the child is eligible for a place at two or more of the preferred schools, they will be offered a place at whichever school is the highest ranked. Where the LA cannot offer a place at any of the preferred schools, the offer of a place will be made at the nearest school to the parental address that has places available.

If an application is unsuccessful, upon request a child's name may be placed on a waiting list which is kept for the full academic year. The position on the waiting list is determined in accordance with the published oversubscription criteria with no reference to length of time on the waiting list. If a place subsequently becomes available, the place will be offered to the next child on the waiting list. Parents/carers are also offered the right of appeal if they are not satisfied with the offer of a place.

The LA will accept applications which are received late only when there is evidence of a very exceptional circumstance which prevented submission by the stated deadline and only if the application is received before offers of places are made. These will then be treated in the same way as all other applications. In the event of a late application not being accepted or receipt is after the offer of places has been made, then places will be offered at the nearest school with places available.

All applications for school places during the normal admission round must be co-ordinated by the maintaining LA.

2022-23 CO-ORDINATED ADMISSION SCHEME - PRIMARY

This Scheme is made by Durham County Council (Durham LA) under The School Admissions (Admission Arrangements and the Co-ordination of Admission Arrangements) (England) Regulations 2014.

A separate Scheme exists in relation to secondary schools.

Interpretation

1. In this Scheme -

“The LA” means Durham County Council acting in its capacity as local education authority.

“The LA area” means the area in respect of which the LA is the local education authority.

“School” means a Community, Voluntary Controlled, Foundation, or Voluntary Aided school or an Academy.

“Admission Authority” means the LA in respect of any of the schools which is a Community or Voluntary Controlled school, the Governing Body of the school in respect of a Voluntary Aided school or a Foundation school and the relevant Trust for an Academy.

“Parent” means any person who holds parental responsibility for a child and with whom the child normally lives.

“Suitable school” means the nearest available school which offers an efficient full-time programme of education appropriate to the individual child’s age, ability, aptitude and any special educational needs, in the view of the Authority.

2. The Scheme shall be determined and processed in accordance with the provisions set out in Schedule 1 and the timetable set out in Schedule 2.
3. The Scheme will apply for the admission arrangements for the school year commencing September 2022.
4. The Scheme shall apply to every primary school in the LA area (except special schools).

SCHEDULE 1

PART 1 - THE SCHEME

1. There will be a common application form supplied by the LA for the purpose of enabling parents living in County Durham to express up to three preferences for their child to be admitted to a primary, infant and, where appropriate junior school in County Durham or to a school or schools in another LA area for the academic year 2022/23.
2. The common application form must be used as a means of expressing one or more preferences for the purposes of Section 86 of the School Standards and Framework Act 1998 by parents resident in the LA area wishing to express a preference for their child:
 - a. to be admitted to a maintained primary school and Academy within the LA area (including Voluntary Aided Schools).
 - b. to be admitted to a maintained primary school and Academy located in another LA's area (including Voluntary Aided Schools).
3. The common application form will invite the parent to express up to three preferences including where relevant any schools outside the LA's area, in the rank order in which they wish their child to receive an offer of a place, and invite parents to give their reasons for each preference.
4. The common application form will explain that the parent will receive no more than one offer of a school place. Furthermore, that places at any oversubscribed school will be offered on the basis of equal preference rank order and that where an offer is made it would be for the highest ranked school at which the LA as the admission authority or on behalf of the admission authority of a Voluntary Aided School or an Academy, was able to offer a place. Annex 1 lists those Governing Bodies/Trusts which are the Admission Authority for schools or Academies to which this Scheme applies.
5. The common application form will explain that where the LA could not offer a place at any of the preferred schools, the offer of a place will be made at the nearest school to the child's home address that has a place available.
6. The common application form will specify a closing date and where it must be returned. Governing Bodies of Aided Schools or the relevant Trust for Academies, as the Admission Authority, must notify the relevant LA of any application made direct to them in error whether or not the parent lives in County Durham.
7. The LA will make appropriate arrangements to ensure that a common application form is available on request from the LA and from its website. The facility to apply on-line will also be made available via the LA's website.

8. The common application form will include a supplementary section to be completed by parents who express a preference for a Voluntary Aided School to enable them to provide any relevant additional information.

Processing of Applications

9. Completed applications should be made to the LA by 15 January 2022.
10. Applications received by the closing date take priority over late applications, however, applications which are received for very good reason after the closing date because of very exceptional circumstances will be accepted and treated as on time applications provided they are received on or before 4 March 2022, the date the allocation procedures begin. Examples of good reason include: when a single parent has been ill for some time, or has been dealing with the death of a relative; a family has just moved into the area or is returning from abroad (proof of ownership or tenancy of a County Durham property as the main property will be required in these cases). Other circumstances will be considered, and each case decided on its own merits. Parents must, however, provide clear evidence for the LA to consider as to why they could not apply during the preference period. The determination of the LA will be final.

Determining offers in response to the applications

11. The LA will make the offer of a school place to the parent of every child living in County Durham commencing primary education in September 2022 who applies for a place at a maintained school/Academy.
12. The LA will determine the offer of a potential place for Community and Voluntary Controlled schools in County Durham in its capacity as the Admission Authority **having no regard to order of preferences**. For Voluntary Aided Schools, Academies or schools in another Local Authority area, the relevant Admission Authority will inform the LA of the potential offer of a place*. Durham LA will then be responsible for making the offer of a place in accordance with paragraphs 4 and 15 of this Scheme.
13. By 7 February 2022, the LA will share the applications with the Admission Authority for each of the schools indicated on the applications.
14. By 7 March 2022, the Admission Authority for each school will provide the LA with the ranking of applications, in accordance with their admission criteria, of all pupils who applied for a place at the school, indicating those who can be offered a place and those (if any) who cannot*. The LA will then match this ranked list against the ranked list of the other schools nominated.
15. By 14 March 2022, the LA will match the provisional offers of places against each parent's ranking and proceed as follows:

- Where the child is eligible for a place at only one of the preferred schools, a place at that school will be offered to the child.
 - Where the child is eligible for a place at two or more of the preferred schools, they will be offered a place at whichever school is the highest ranked.
 - Where none of the preferences can be met, the child will be offered a place at the nearest suitable school with a place available.
16. No later than 14 March 2022 the LA will inform other LAs of places in County Durham schools/Academies to be offered to their residents and on 19 April 2022 the LA will inform its schools/Academies of the pupils to be offered places at their schools/Academies.
 17. On 19 April 2022, the LA will write to all parents in County Durham to whom the offer of a place can be made, notifying them of the offer of a place at:
 - a. one of the preferences on the application; or
 - b. the nearest suitable school with places available.
 18. The LA's communication will ask parents to confirm their acceptance of the place and inform them that if they are not satisfied with the offer of a place, they have the right of appeal if they so wish. The communication will include contact details for the LA and those nominated Voluntary Aided schools or Academies where they could not be offered a place, so that they can if they wish lodge an appeal with the Governing Body or Academy Trust. The communication will also explain that their child's name will be placed on the waiting list for a place at the preferred school(s). The communication will also state, where relevant, why a place could not be offered at a higher ranked school.
 19. Parents will be sent a reminder communication 2 weeks after the offer date (19 April 2022) allowing a further 7 days to respond to the request that they confirm their acceptance of the place.
 20. On 9 May 2022 the LA will reallocate any places that may have become available since 19 April 2022, strictly in accordance with the relevant published oversubscription criteria.
 21. From 10 May 2022, children's names will be placed on a waiting for an oversubscribed school to be offered places if they become available. The waiting lists for all schools/Academies/ will be maintained by the relevant admission authority* and any places which become available will be offered strictly in accordance with the published admission criteria of the appropriate admission authority. Waiting lists will be maintained for the school year. If parents want their children to remain on a waiting list for subsequent years, they must inform the LA in writing or via email.

PART 2 - LATE APPLICATIONS

22. Applications received after the closing date of 15 January 2022 and on or before 4 March 2022 will be considered and, as far as possible, offered a school place on 19 April 2022. Applications received by the closing date take priority over late applications, however, applications which are received for very good reason after the closing date because of very exceptional circumstances will be accepted and treated as on time applications provided they are received on or before 4 March 2022, the date the allocation procedures begin (see paragraph 10).
23. For applications received between 5 March 2022 and 5 May 2022 inclusive, the LA will, on 9 May 2022, the re-allocation day offer a place in accordance with parental preference, where possible, and if not possible, at the nearest school with places available. These will be considered equally along with all other applicants that are on the waiting lists.
24. For applications received between 19 April 2022 and 31 August 2022 inclusive, offer/refusal communications will be sent out within 14 days of the LA receiving the application form. Any parent approaching a school direct must be referred to the LA. The LA will offer a place at the school highest in the parent's order of rank that has a place available, or if this is not possible, at the nearest suitable school that has a place available. For those who do not receive a higher preferred school the waiting lists will continue to operate.

PART 3 - IN-YEAR ADMISSIONS

25. Applications received on or after 1 September 2022 will be treated as in-year admissions.
26. The LA will, upon request, send a suitable form for parents to complete when applying for a place for their child at any school. All relevant admission authorities will consider any application that is made (making reference to any waiting lists that are in operation) whether via an application form or through a parent's direct approach to any school, and then notify the LA, if appropriate, of the outcome**. Parents whose applications are refused will be offered a right of appeal.
27. The LA will monitor in-year applications and intervene as appropriate to ensure that applicants are placed in a school without undue delay.
28. Parents may ask for their child's name to be kept on a waiting list, to be offered places if they become available at any school to which they have expressed a preference. The waiting lists - unless Aided Schools or Academies chose to maintain the waiting lists themselves - will be maintained by the LA and any places which become available will be offered strictly in accordance with published admission criteria of the appropriate admissions authority. Waiting lists will be maintained for the school year. **Any offer of a school place will always be made by the LA.

PART 4 – ADMISSION OF CHILDREN BELOW COMPULSORY SCHOOL AGE AND ADMISSION OF CHILDREN OUTSIDE THEIR NORMAL AGE GROUP

29. A child reaches compulsory school age on the prescribed day following their fifth birthday (or on their fifth birthday if it falls on a prescribed day). The prescribed days are 31 December, 31 March and 31 August. A child is entitled to a full-time place in the September following their fourth birthday.
30. There is flexibility for parents who do not feel their child is ready to start school before compulsory school age. They may defer the date their child is admitted to school until later in the school year following their child's fourth birthday, providing they do not defer beyond the point at which they reach compulsory school age, or beyond the start of the final term of that school year. Alternatively, their child may attend school part-time until they reach compulsory school age.
31. Children born in the summer term, 1 April to 31 August, are not required to start school until a full school year after the point at which they could first have been admitted – the point at which other children in their age range are beginning year 1. While most parents are happy for their child to start school in the September following their fourth birthday, some parents will have concerns about whether their child will be ready for school at this point, and will consider delaying their entry to Reception until compulsory school age.
32. Admission authorities will expect parents to provide them with information in support of their request – since without it they are unlikely to be able to make a decision on the basis of the circumstances of the case. This should demonstrate why it would be in the child's interests to be admitted to reception rather than year one. In some cases, parents may have professional evidence that it would be appropriate for them to submit, for example, when a child receives support from a speech and language therapist. However, there is no expectation that parents will obtain professional evidence that they do not already have. Admission authorities must still consider requests that are not accompanied by professional evidence. In such cases the supporting information might simply be the parent's statement as to why they have made their request.
33. Where a parent wants their child to be admitted out of their normal age group, the admission authority has two separate decisions to make:
 - it must first decide on the age group the child should be admitted to
 - only once that decision has been made can it apply its oversubscription criteria to decide whether a place can be offered in that age group.
34. Although it is not always easy for admission authorities to make a decision about a child more than a year before the point at which they may be admitted, particularly as it is difficult to know what progress they may make in the intervening period, parents should know the outcome of their request for admission out of the normal age group in time to make an informed decision about whether their child will start school before compulsory school age.

35. The process in place:
- requires the parent to make an application for their child's normal age group at the usual time, but enables them to submit a request for admission out of the normal age group at the same time
 - ensures that the parent receives the response to their request before primary national offer day.
36. If the request is agreed, the application for the normal age group may be withdrawn before a place is offered. If the request is refused, the parent must decide whether to accept the offer of a place for the normal age group, or to refuse it and make an in-year application for admission to year one for the September following the child's fifth birthday.
37. Where a parent's request is agreed, they must make a new application as part of the main admissions round the following year.
38. One admission authority cannot be required to honour a decision made by another admission authority on admission out of the normal age group. Parents, therefore, should consider whether to request admission out of the usual year group at all their preference schools, rather than just their first preference schools.
39. Once a child has been admitted to a school it is for the headteacher to decide how best to educate them. In some cases, it may be appropriate for a child who has been admitted out of their normal age group to be moved to their normal age group, but in others it will not. Any decision to move a child to a different age group will be based on sound educational reasons and made by the headteacher in consultation with the parents.
40. Where a child has been educated out of their normal age group, the parent may again request admission out of the normal age group when they transfer to junior or secondary school. It will be for the admission authority of that school to decide whether to admit the child out of their normal age group. The admission authority will make a decision based on the circumstances of each case and in the child's best interests and will bear in mind the age group the child has been educated in up to that point.
41. Where an application for September 2022 has been received by 15 January 2022 for a child's admission to Reception instead of Year 1 (which is the child's normal age group cohort) and this has been agreed, the application will be considered alongside all other applications that are received by this date. The application will not have lower priority on the basis that the child is being admitted outside their normal age group.

SCHEDULE 2

Timetable for Admissions to Primary Schools/ Academies/Free Schools – September 2022

6 September 2021	Parents' Guide to School Admissions, Common Application Form and on-line portal are made available to parents.
15 January 2022	Closing date for return of applications to the LA.
7 February 2022	LA shares applications with neighbouring LAs. Own admission authority schools can view their applications on-line.
7 March 2022	The relevant admission authority for neighbouring LA schools provides the LA with the ranking of applicants. Own admission authority schools rank their applicants on-line.
14 March 2022	LA allocates places in accordance with relevant admission/oversubscription criteria and informs other LAs of places in County Durham to be offered to their residents.
19 April 2022	LA makes offers to parents and schools can view on-line the pupils to be offered places at their schools. Those parents not receiving a higher or any preferred school will have their child's name placed on those waiting list/s.
3 May 2022	Deadline for parents to accept the offer of a school place.
9 May 2022	Any places that become available since 19 April are reallocated to parents.
10 May 2022	Waiting lists continue to operate

ANNEX 1

The Governing Bodies of the Voluntary Aided Schools listed below are Admission Authorities to which this Scheme applies:

<p>All Saints' Catholic VA Primary Bishop Ian Ramsey CE Primary Blessed John Duckett RCVA Primary Blue Coat CE Junior Bowes Hutchinson CE Primary Esh CE Primary Our Lady & St Joseph's RCVA Primary, Brooms Our Lady & St Thomas RCVA Primary Our Lady of Lourdes RCVA Primary Our Lady Queen of Martyr's RCVA Primary Our Lady Star of the Sea RCVA Primary St Bede's RCVA Primary St Benet's RCVA Primary St Chad's RCVA Primary St Charles' RCVA Primary St Cuthbert's RCVA Primary, New Seaham St Cuthbert's RCVA Primary, Chester-le-Street St Cuthbert's RCVA Primary, Crook St Francis CE Aided Junior St Godric's RCVA Primary, Durham St Hild's College CE Aided</p>	<p>St John's CE Aided Primary St Joseph's RCVA Primary, Stanley St Joseph's RCVA Primary, Coundon St Joseph's RCVA Primary, Ushaw Moor St Joseph's RCVA Primary, Gilesgate St Joseph's RCVA Primary, Murton St Joseph's RCVA Primary, Blackhall St Mary Magdalen RCVA Primary St Mary's RCVA Primary, South Moor St Mary's RCVA Primary, Blackhill St Mary's RCVA Primary, Barnard Castle St Mary's RCVA Primary, Newton Aycliffe St Michael's RCVA Primary St Michael's CE Primary St Oswald's C.E. (Aided) Primary St Patrick's RCVA Primary, Dipton St Patrick's RCVA Primary, Consett St Patrick's RCVA Primary, Langley Moor St Pius X RCVA Primary St Thomas More RCVA Primary St Wilfrid's RCVA Primary</p>
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The Trusts of the Academies listed below are Admission Authorities to which this Scheme applies:

<p>New Seaham The Ribbon, Murton Victoria Lane, Coundon Cleves Cross Primary Rosa Street Academy South Hetton Primary South Stanley Infant South Stanley Junior Bloemfontein Primary Chilton Primary St. Joseph's RCVA Primary, Newton Aycliffe Stanhope Barrington C of E Primary St. Mary's RCVA Primary, Wingate Bluebell Meadow Primary</p>	<p>Acre Rigg Academy (Junior) Tudhoe Colliery Primary Stephenson Way Academy Browney Academy Dene House Primary Shield Row Primary Greenland Community Primary Sacriston Academy Ouston Primary Hartside Primary Our Lady of the Rosary RCVA Primary St William's RCVA Primary, Trimdon Ingleton C of E Primary St. Godric's RCVA Primary, Thornley St. Bede's RCVA Primary, Sacriston</p>
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St. Godric's RCVA Primary, Durham	
Our Lady Queen of Martyr's RCVA Primary, Newhouse	St. Joseph's RCVA Primary, Ushaw Moor
St. Cuthbert's RCVA Primary, Chester le Street	St. Chad's RCVA Primary
Esh C of E Primary	St. Michael's RCVA Primary, Esh

2022/23 CO-ORDINATED ADMISSION SCHEME - SECONDARY

This Scheme is made by Durham County Council (Durham LA) under The School Admissions (Admission Arrangements and the Co-ordination of Admission Arrangements) (England) Regulations 2014.

A separate Scheme exists in relation to primary schools.

Interpretation

1. In this Scheme -

“The LA” means Durham County Council acting in its capacity as local education authority.

“The LA area” means the area in respect of which the LA is the local education authority.

“School” means a Community, Voluntary Controlled, Foundation, or Voluntary Aided school, or an Academy.

“Admission Authority” means the LA in respect of any of the schools which is a Community or Voluntary Controlled school, the Governing Body of the school in respect of a Voluntary Aided school or a Foundation school and the relevant Trust for an Academy.

“Parent” means any person who holds parental responsibility for a child and with whom the child normally lives.

“Suitable school” means the nearest available school which offers an efficient full-time programme of education appropriate to the individual child’s age, ability, aptitude and any special educational needs, in the view of the Authority.

2. The Scheme shall be determined and processed in accordance with the provisions set out in Schedule 1 and the timetable set out in Schedule 2.
3. The Scheme will apply for the admission arrangements for the school year commencing September 2022.
4. The Scheme will apply to every secondary school in the LA area (except special schools).

SCHEDULE 1

PART 1 - THE SCHEME

1. There will be a common application form supplied by the LA for the purpose of enabling parents living in County Durham to express up to three preferences for their child to be admitted to a secondary school in County Durham or to a school or schools in another LA area for the academic year 2022/2023.
2. The common application form must be used as a means of expressing one or more preferences for the purposes of Section 86 of the School Standards and Framework Act 1998 by parents resident in the LA area wishing to express a preference for their child:
 - (a) to be admitted to a maintained secondary school or an academy within the LA area (including Voluntary Aided schools and Foundation schools);
 - (b) to be admitted to a maintained secondary school or an academy located in another LA's area (including Voluntary Aided schools and Foundation schools).
3. The common application form will invite the parent to express up to three preferences including where relevant any schools outside the LA's area, in the rank order in which they wish their child to receive an offer of a place, and invite parents to give their reasons for each preference.
4. The common application form will explain that the parent will receive no more than one offer of a school place. Furthermore, that places at any oversubscribed school will be offered on the basis of equal preference rank order and that where an offer is made it would be for the highest ranked school at which the LA as the admission authority, or on behalf of the admission authority of a Voluntary Aided school, Foundation School or Academy, was able to offer a place. Annex 1 lists those Governing Bodies/Trusts which are the Admission Authority for schools/Academies to which this Scheme applies.
5. The common application form will explain that where the LA could not offer a place at any of the preferred schools, the offer of a place will be made at the nearest school to the child's home that has a place available.
6. The common application form will specify a closing date and where it must be returned. Governing Bodies of Aided or Foundation Schools and the relevant Trust for Academies, as the Admission Authority, must notify the relevant LA of any application made direct to them in error whether or not the parent lives in County Durham.
7. The LA will make appropriate arrangements to ensure that a common application form is available on request from the LA and on its website. The facility to apply online will also be made available via the LA's website.

8. The common application form will include a supplementary section to be completed by parents who express a preference for a Voluntary Aided School to enable them to provide relevant additional information.

Processing of Applications

9. Completed applications should be made to the LA by 31 October 2021.
10. Applications received by the closing date take priority over late applications, however, applications which are received for very good reason after the closing date because of very exceptional circumstances will be accepted and treated as an on time application provided they are received before 24 January 2022, the date the allocation procedures begin. Examples of very good reason include: when a single parent has been ill for some time, or has been dealing with the death of a relative; a family has just moved into the area or is returning from abroad (proof of ownership or tenancy of a County Durham property as the main property will be required in these cases). Other circumstances will be considered, and each case decided on its own merits. Parents must, however, provide clear evidence for the LA to consider as to why they could not apply during the preference period. The determination of the LA will be final.

Determining offers in response to the application form

11. The LA will make the offer of a school place to the parent of every child living in County Durham transferring to secondary education in September 2022 who applies for a place at a maintained school/Academy.
12. The LA will determine the potential offer of a place for Community and Voluntary Controlled secondary schools in County Durham in its capacity as the Admission Authority **having no regard to order of preferences**. For Voluntary Aided schools, Foundation schools or Academies, or schools in another Local Authority area, the relevant Admission Authority will inform Durham LA of the potential offer of a place*. Durham LA will then be responsible for making the offer of a place in accordance with paragraphs 4 and 15 of this Scheme.
13. By 22 November 2021, the LA will share the applications with the Admission Authority for each of the schools indicated on the applications.
14. By 25 January 2022, the Admission Authority for each school will provide the LA with the ranking of applications, in accordance with their admission criteria of all pupils who applied for a place at the school, indicating those who can be offered a place and those (if any) who cannot*. The LA will then match this ranked list against the ranked lists of the other schools nominated.
15. By 28 January 2022, the LA will match the provisional offers of places against each parent's ranking and proceed as follows:

- Where the child is eligible for a place at only one of the preferred schools, a place at that school will be offered to the child.
 - Where the child is eligible for a place at two or more of the preferred schools, they will be offered a place at whichever school is the highest ranked.
 - Where none of the preferences can be met, the child will be offered a place at the nearest suitable school with a place available.
16. No later than 31 January 2022 the LA will inform other LAs of places in County Durham schools/Academies to be offered to their residents and on 1 March 2022 the LA will inform its secondary/Academies schools of the pupils to be offered places at their schools/Academies.
 17. On 1 March 2022, the LA will communicate to all parents in County Durham to whom the offer of a place can be made, notifying them of the offer of a place at:
 - (a) one of the preferences on the application; or
 - (b) the nearest suitable school with places available
 18. The LA's communication will ask parents to confirm their acceptance of the place and inform them that if they are not satisfied with the offer of a place, they have the right of appeal if they so wish. The communication will include contact details for the LA and those nominated Voluntary Aided and Foundation Schools and Academies where they could not be offered a place, so that they can if they wish lodge an appeal with the Governing Body or Trust*. The communication will also give parents the opportunity of having their child's name placed on the waiting list for a place at the preferred school(s). The communication will also state, where relevant, why a place could not be offered at a higher ranked school.
 19. Parents will be sent a reminder 2 weeks after the offer date (1 March 2022) allowing a further 7 days to respond to the request that they confirm their acceptance of the place.
 20. On 22 March 2022 the LA will reallocate any places that may have become available since 2 March 2022 strictly in accordance with the relevant published oversubscription criteria
 21. From 23 March 2022, children's names will be placed on a waiting list for an oversubscribed school to be offered places if they become available after that date. The waiting lists for all schools/Academies will be maintained by the relevant admission authority* and any places which become available will be offered strictly in accordance with the published admission criteria of the appropriate admission authority. Waiting lists will be maintained for the school year. If parents want their child to remain on a waiting list for subsequent years, they must inform the LA in writing or via email.

PART 2 - LATE APPLICATIONS

22. Applications received after the closing date of 31 October 2021 and on or before 24 January 2022, will be considered and, as far as possible, will be offered a school place on 1 March 2022. Applications received by the closing date take priority over late applications, however, applications which are received for very good reason after the closing date because of very exceptional circumstances will be accepted and treated as an on time application provided they are received before 24 January 2022, the date the allocation procedures begin (see paragraph 10).
23. For applications received between 25 January 2022 and 21 March 2022 the LA will, on 22 March 2022, offer a place in accordance with parental preference, where possible, and if not possible, at the nearest school with places available. These will be considered equally along with all other applicants that are on the waiting lists for a higher preferred school because they did not receive their first, or in some cases their second and third preferences on 1 March 2022.
24. For applications received between 22 March 2022 (the reallocation day) and 31 August 2022 inclusive, offer/refusal communications will be sent out within 14 days of the LA receiving the application and a reminder issued after 7 days. Any parent directly approaching a school must be referred to the LA. The LA will offer a place at the school highest in the parent's order of rank that has a place available, or if this is not possible, at the nearest suitable school that has a place available. For those who do not receive a higher preferred school the waiting lists will continue to operate.

PART 3 - IN-YEAR ADMISSIONS

25. Applications received on or after 1 September 2022 will be treated as in-year admissions.
26. For the first two weeks of the academic year 2022/23, transfers from one school to another of pupils who were offered a school place in the normal admissions round will be processed upon receipt of a request to transfer, without reference to the procedures outlined in paragraphs 27, 28, 29, and 30 of this Scheme. Specifically, the LA will, upon request, provide information about the places still available in all maintained schools within the area. All relevant admission authorities will consider any request that is made (referring to any waiting lists that are in operation) and then notify the LA, if appropriate, of the outcome*. Parents whose applications are refused will be offered a right of appeal.
27. The common in-year application form will request details from the current school and parent including reason for transfer and will specify where it must be returned. Governing Bodies of Aided and Foundation Schools and Academies/UTC, as the Admissions Authority, must notify the relevant LA of any application made to them in error whether or not the parent lives in County Durham.

28. For parents of children who live in another Local Authority area who have applied for an in-year place in a County Durham School – the Home Authority (LA) must contact the Maintaining Authority (Durham) to ascertain the availability of a place. The Home Authority (LA) would then confirm the offer of a place to the parent, with a copy of the offer to the Maintaining Authority (Durham).
29. The LA will make an offer of a place in respect of completed in year application forms for children living in County Durham. For parents of children who have applied for an in-year school place in another LA area – the Home Authority (Durham) must contact the Maintaining Authority (Other LA) to confirm the availability of a place. The Home Authority (Durham) would then confirm the offer of a place to the parent, with a copy of the offer to the Maintaining Authority (Other LA).
30. Secondary In-Year Admissions will be administered by the council, who will send out in-year application forms and confirm an offer of a place to parents, school and, if appropriate, other Local Authority.
31. The LA will inform parents who have not been offered a place into the school of their choice that they have the right to appeal if they so wish. The letter will include contact details for the LA and those Voluntary Aided or Foundation schools or Academies, where they could not be offered a place, so they can if they wish lodge an appeal. Appeals for Voluntary Aided and Foundation Schools or Academies/UTC (where appropriate) must be submitted to the relevant Governing Body/Trust*.
32. Parents may ask for their child's name to be kept on a waiting list, to be offered places if they become available at any school to which they have expressed a preference on the in-year Application Form. The waiting lists – unless Aided/Trust/Academy/UTC chose to maintain the waiting lists themselves - will be maintained by the LA and any places which become available will be offered strictly in accordance with the published admission criteria of the appropriate admission authority. Waiting lists will be maintained for the school year. Any offer of a school place will always be made by the Local Authority. If parents want their child to remain on a waiting list for subsequent years, they must inform the LA in writing or via email.

PART 4 - ADMISSION OF CHILDREN OUTSIDE THEIR NORMAL AGE GROUP

33. Where a child has been educated out of their normal age group, the parent may again request admission out of the normal age group when they transfer to secondary school. It will be for the admission authority of that school to decide whether to admit the child out of their normal age group. The admission authority will decide based on the circumstances of each case and in the child's best interests and will bear in mind the age group the child has been educated in up to that point.

SCHEDULE 2

Timetable for Admissions to Secondary Schools/Academies September 2022

6 September 2021	Parent's Guide to School Admissions, Common Application Form and on-line portal are made available to parents
31 October 2021	Closing date for return of forms to the LA
22 November 2021	LA shares applications with neighbouring LAs. Own admission authority schools can view applications on-line.
25 January 2022	The relevant Admission Authority for neighbouring LA schools provides the LA with the ranking of applicants. Own admission authority schools rank their applicants on-line.
28 January 2022	LA allocates places in accordance with relevant admission/oversubscription criteria and informs other LAs of places in County Durham to be offered to their residents.
1 March 2022	LA makes offer to parents and schools can view on-line the pupils to be offered places at their schools. Those parents not receiving a higher or any preferred school will have their child's name placed on those waiting list/s.
15 March 2022	Deadline for parents to accept the offer of a school place.
22 March 2022	Any places that become available since 1 March are reallocated to parents
23 March 2022	Waiting lists continue to operate

ANNEX 2

The Governing Bodies of the Foundation Schools listed below are the Admissions Authorities to which this Scheme applies:

Greenfield School Community College, A Specialist Arts and Science School

The Trusts of the Academies listed below are the Admissions Authorities to which this Scheme applies:

North Durham Academy
The Academy at Shotton Hall
Hermitage Academy
Park View School
Teesdale School
King James 1 Academy
Consett Academy
Staindrop School, an Academy
St John's School and Sixth Form College, a Catholic Academy
Framwellgate School, Durham
St Bede's Catholic School and Sixth Form Centre, Lanchester
Woodham Academy
Easington Academy
Parkside Academy
St Leonard's RC Academy
Whitworth Park Academy
Ferryhill Business and Enterprise College
UTC South Durham
Dene Academy
Sedgefield Community College
Tanfield School
Seaham High School
St. Bede's Comprehensive and Byron Sixth Form College

IN YEAR TRANSFERS BETWEEN SECONDARY SCHOOLS

The LA and Durham secondary schools have had an agreed protocol regarding in year transfer of pupils since September 2002. This is to ensure best advice is given to parents, careful consideration of the issues is given, and effective management of the process is undertaken.

The protocol requires that a LA/Head Teacher/Parent conference will be convened at the current school for such pupils by any party. This will be held within 15 working days of the concern arising. The purpose is to provide the parent with “Best Advice” including consideration of what added value there would be in effecting a transfer and focusing on resolving any underlying issues.

A leaflet for parents “Why Change Schools?” available from the School Places and Admissions Team, Children and Young People’s Services County Hall, Durham, DH1 5UJ is designed to assist the parent in considering the best interests of the pupil and it sets out requirements about school attendance during the process of decision-making.

This in year transfer Protocol does not apply to children with a Statement of Special Educational Needs or an Education Health and Care Plan, as the statutory SEN process and requirements apply.

In Year Secondary School Transfers - Funding

The LA arranges for the transfer of funding (AWPU), for the remainder of the year, from the previous school to the receiving school, on a pro rata basis.

**Transfer between Local Secondary Schools
LA/School Protocol agreed 2002**

1. Clarity regarding availability of places:
 - Head Teachers must always inform the LA about any potential student movement i.e. admissions or transfers both in and out-County. This will ensure the LA has accurate data regarding the availability of places.
 - The LA advises about admissions in accordance with admission criteria.
2. More detail is requested by the LA on the Transfer form from the current school and parent for example.
 - Behaviour
 - Exclusions
 - Attendance
 - PSPs
 - Other agency involvement (tick list)
 - Court order/Bail arrangements
 - Courses currently being followed by pupils and relevant exam boards if applicable
 - Assessment data.
3. Parents who request a place in a County Durham School as a result of a house move will receive notification of an offer of a place and confirmation of the offer will also be sent to the school.
4. Only the LA will issue transfer request forms to parents.
5. A “Why Change Schools?” information leaflet for parents has been produced by the LA and held in schools to be given to parents making enquiries. This includes:
 - Issues regarding the best interest of the child.
 - Confirmation that until the transfer is completed the pupil remains on the roll of the donor school and should be attending that school.
6. A LA/Head Teacher/Parent Conference will be convened at the current school for such pupils if requested by any party. This will be held within 15 working days of any concern arising. The purpose is to provide the parent with “Best Advice”, including consideration of what added value there would be in effecting a transfer and the conference will focus on resolving any underlying issues.
7. In cases of continued difficulty, the LA/schools will discuss whether any further action might be appropriate.

**ADMISSION POLICIES / OVERSUBSCRIPTION CRITERIA FOR
COMMUNITY AND VOLUNTARY CONTROLLED NURSERY
SCHOOLS AND UNITS, INFANT, JUNIOR, PRIMARY AND
SECONDARY SCHOOLS**

ADMISSION TO COMMUNITY AND VOLUNTARY CONTROLLED NURSERY SCHOOLS AND UNITS

Priority will be given to children entitled to 15 hours per week and these places must be allocated first. Places are allocated for the 15 hours per week entitlement according to the oversubscription criteria listed below:

- 1. Children who are 'looked after' or a child who was previously looked after but immediately after being looked after became subject to an adoption, residence/child arrangement, or special guardianship order*.** A looked after child is a child who is, at the time of making an application to a school, (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989).

An adoption order is an order under section 12 of the Adoption Act 1976 or section 46 of the Adoption and Children Act 2002. A 'residence order' is an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989. A child arrangement order is an order settling the arrangements to be made as to the person with whom the child is to live under section 14 of the Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

- 2. Children who appear to the Admissions Authority to have been in state care outside of England and ceased to be in state care as a result of being adopted.**

A child is regarded as having been in state care in a place outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society.

- 3. Children In Need**

The Children Act 1989 defines a child 'in need' as:

- a) He/she is unlikely to achieve or maintain, or to have the opportunity of achieving or maintaining, a reasonable standard of health or development without the provision of services by the Local Authority under Part 3 of the Act.
- b) His/her health or development is likely to be significantly impaired, or further impaired, without the provision for him/her of such services.
- c) He/she is disabled.

A maximum of two part-time nursery places are retained until the end of the Autumn half term in order to accommodate emergency referrals of children "in need" as defined in the requirements of the Children Act, 1989.

4. **The Two Year Old Free Entitlement**

Where a child has been accessing the free entitlement for 2 year olds in a maintained nursery school or unit, for a minimum of 15 hours per week for two terms immediately prior to the child becoming eligible for free entitlement, they shall receive priority for admission to that maintained nursery school or unit in order to preserve continuity, providing that they also live within County Durham's administrative area.

5. **Age**

The offer of a place will be prioritised according to date of birth. Normally, the earliest date your child can be accepted for Early Years Provision is the term after the child's 3rd birthday, although some 2 year olds can access the free entitlement. Where applicants have the same date of birth, priority will be given to the earliest date of application.

6. **Those children who are only entitled to the universal entitlement of 15 hours free early education per week**

Those children who are not eligible for the extended 30 hours offer should be offered the 15 hours universal entitlement for a minimum of three terms before they are due to enter a full-time school place in the Reception year. Maintained nurseries should plan for this provision to ensure those who are only entitled to 15 hours are offered a place.

7. **Children Living in Other Authorities**

Although there are no catchment areas for places, preference will be given to children whose parents live within County Durham's administrative area. Only when all children living within the boundary of County Durham have been allocated a place, may a child living in a neighbouring area be offered a place.

30 hours free early education per week, term time, from September 2017:

This is for 3 & 4 year olds from working families that meet the eligibility criteria. The 30 hours free place will consist of the current 15 hours universal entitlement for all 3 & 4 year olds, which will be **extended** by an additional 15 free hours. The additional 15 free hours will be known as the '**extended entitlement**'.

The maintained nursery school or unit will undertake a validation check on the eligibility code and details provided by the parent on the application form. On confirmation the code is valid the following criteria will be applied to all applicants:

If there are more places available than applications, all children will be offered a place. Subsequent applicants will be offered places until the provision is full. Once all places have been allocated, further applications will be included on a waiting list and places will be allocated in accordance with the 30 hours oversubscription criteria.

If there are more applications than places the 30 hours oversubscription criteria will be applied as follows.

30 Hours oversubscription criteria:

Places will be allocated on a “first come, first served” basis on receipt of a verified code.

2022/23 OVERSUBSCRIPTION CRITERIA FOR ADMISSION TO COMMUNITY AND VOLUNTARY CONTROLLED INFANT, JUNIOR AND PRIMARY SCHOOLS

If more children want a place than there are places available, we will offer places according to the following criteria, strictly in order of priority.

- 1. Children who are 'looked after' or a child who was previously looked after but immediately after being looked after became subject to an adoption, residence/child arrangement, or special guardianship order*.** A looked after child is a child who is, at the time of making an application to a school, (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989).

- 2. Medical Reasons**
Children with very exceptional medical factors directly related to school placement

- 3. Sibling Links**
Children who have a sibling** already attending the school and who is expected to be on roll at the school at the time of admission.

- 4. Distance**
Children who live nearest the preferred school measured by the shortest walking route***. This will be based on the child's address. Where the last place to be allocated would mean that a multiple birth sibling group i.e. twins, triplets or other multiple birth sibling groups, would be split, the sibling group will be given priority over other children. Otherwise if only one final place can be offered and two applicants live equidistant from the school, the LA's system of random allocation will apply.

* An adoption order is an order under section 12 of the Adoption Act 1976 or section 46 of the Adoption and Children Act 2002. A 'residence order' is an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989. A child arrangement order is an order settling the arrangements to be made as to the person with whom the child is to live under section 14 of the Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

** Sibling is defined as children who live as brother or sister in the same house, including natural brothers or sisters, half brothers or sisters, adopted brothers or sisters, stepbrothers or sisters and children of the parent/carer's partner. Some schools give priority to siblings of pupils attending another community and voluntary

controlled school with which they have close links (for example, schools on the same site). Where this is the case, details will be published in the Local Authority's Admissions Brochure.

*** In assessing home to school distance, the LA uses a Geographic Information System (GIS) to identify and measure the shortest route utilising only the Ordnance Survey Integrated Transport Network (ITN) and Urban Paths Network (UPN) which are national recognised datasets. The LA will not include any other routes or any other method of measurement. Routes are measured from the centre point**** of the child's house, or in the case of a flat from the centre point**** of the building, to the nearest school site entrance. In all cases the GIS identifies the route to be measured by connecting in a straight line the centre point**** of the child's house to the closest point on the nearest route on the ITN/UPN.

**** In accordance with the co-ordinates of the Basic Land and Property Unit on the National Land and Property Gazetteer.

2022/23 OVERSUBSCRIPTION CRITERIA FOR COMMUNITY SECONDARY SCHOOLS

When there are more requests for places than those available, the following criteria will be used to allocate places strictly in order of priority:

1. **Children who are 'looked after' or a child who was previously looked after but immediately after being looked after became subject to an adoption, residence/child arrangement, or special guardianship order***. A looked after child is a child who is, at the time of making an application to a school, (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989).
2. **Children who appear to the Admissions Authority to have been in state care outside of England and ceased to be in state care as a result of being adopted**
A child is regarded as having been in state care in a place outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society.
3. **Medical Reasons**
Children with very exceptional medical factors directly related to school placement
4. **Sibling Links**
Children who have a sibling** already attending the school and who is expected to be on roll at the school at the time of admission.
5. **Applicants to their nearest School**
Those children who have applied for a place at the nearest school to their home address measured by the shortest walking route***
6. **All other applicants**

Tiebreaker

Where the school is oversubscribed within any of the above categories the following tiebreakers will be applied:

- (a) For those children who have applied for a place at the nearest school to their home address (category 5), priority will be given to those living closest to the nearest school measured by the shortest walking route;
- (b) For other children (category 6), priority will be given to those children who live nearest to the school applied for. Otherwise if only one final place can be offered and two applicants live equidistant from the school, the LA's system of random allocation will apply.

In the unlikely event of the school being oversubscribed within categories 1, 2 or 3 tiebreaker (b) will apply.

Footnote¹: 'School' means any maintained secondary school or a DFE maintained Academy in County Durham. Distance will be measured by the shortest walking route. Those parents who live in County Durham and have children in year 6 in primary schools maintained by Durham County Council will be provided with information for them to find out which school is nearest to their home address according to the official measuring system. The same information will be provided for any other applicant on request.

* An adoption order is an order under section 12 of the Adoption Act 1976 or section 46 of the Adoption and Children Act 2002. A 'residence order' is an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989. A child arrangement order is an order settling the arrangements to be made as to the person with whom the child is to live under section 14 of the Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

** Sibling is defined as children who live as brother or sister in the same house, including natural brothers or sisters, half brothers or sisters, adopted brothers or sisters, stepbrothers or sisters and children of the parent/carer's partner. Some schools give priority to siblings of pupils attending another community and voluntary controlled school with which they have close links (for example, schools on the same site). Where this is the case, details will be published in the Local Authority's Admissions Brochure.

*** In assessing home to school distance, the LA uses a Geographic Information System (GIS) to identify and measure the shortest route utilising only the Ordnance Survey Integrated Transport Network (ITN) and Urban Paths Network (UPN) which are national recognised datasets. The LA will not include any other routes or any other method of measurement. Routes are measured from the centre point**** of the child's house, or in the case of a flat from the centre point**** of the building, to the nearest school site entrance. In all cases the GIS identifies the route to be measured by connecting in a straight line the centre point**** of the child's house to the closest point on the nearest route on the ITN/UPN.

**** In accordance with the co-ordinates of the Basic Land and Property Unit on the National Land and Property Gazetteer.

2022/23 ADMISSION TO SIXTH FORMS – COMMUNITY SECONDARY SCHOOLS

Applications for Year 12

Some County Durham secondary schools offer sixth form of study for students. The majority of the sixth form students transfer from Year 11, but places are available for external students.

The entry requirements for sixth forms are largely dependent on the course of study that a student wishes to access. They are the same for internal and external students. Details of specific entry requirements and courses available may be obtained from the school. The availability of courses is dependent upon the number of applicants and the financial sustainability of the course and the Governing Body of the school determines this.

Entry requirements and oversubscription criteria:

Priority will be given to:

1. Students who have attended the school in the previous academic year (during Year 11) and who satisfy the school's entry requirements* for the course available and then,
2. All other students of the relevant age who satisfy the school's entry requirements* for the course available.

Where the school is oversubscribed within category (1) the following will be applied, strictly in order of priority:

- a) **Children who are 'looked after' or a child who was previously looked after but immediately after being looked after became subject to an adoption, residence/child arrangement, or special guardianship order**.** A looked after child is a child who is, at the time of making an application to a school, (a) in the care of a local authority, or (b) being provided with accommodation by a local authority in the exercise of their social services functions (see the definition in section 22(1) of the Children Act 1989).
- b) **Students who appear to the Admissions Authority to have been in state care outside of England and ceased to be in state care as a result of being adopted.**
A child is regarded as having been in state care in a place outside of England if they were accommodated by a public authority, a religious organisation or any other provider of care whose sole purpose is to benefit society.
- c) Students who will have a sibling*** at the secondary school during the coming academic year.
- d) All other students.
- e) Distance from home to school measured by the shortest walking route****, with those living nearest the school receiving priority. Otherwise if only one final place can be offered and two applicants live equidistant from the school, the LA's system of random allocation will apply.

Where the school is oversubscribed within category (2) the above criteria will be applied, strictly in order of priority with the exception that, after b), the following will apply: all other students who previously attended in Year 11, a maintained school or academy with 11-16 provision only.

Applicants refused admission to a sixth form are entitled to an appeal to an independent appeals panel.

*Details of the entry requirements are available from the individual Sixth Forms.

** An adoption order is an order under section 12 of the Adoption Act 1976 or section 46 of the Adoption and Children Act 2002. A 'residence order' is an order settling the arrangements to be made as to the person with whom the child is to live under section 8 of the Children Act 1989. A child arrangement order is an order settling the arrangements to be made as to the person with whom the child is to live under section 14 of the Children and Families Act 2014. Section 14A of the Children Act 1989 defines a 'special guardianship order' as an order appointing one or more individuals to be a child's special guardian (or special guardians).

*** Sibling is defined as children who live as brother or sister in the same house, including natural brothers or sisters, half brothers or sisters, adopted brothers or sisters, stepbrothers or sisters and children of the parent/carer's partner. Some schools give priority to siblings of pupils attending another community and voluntary controlled school with which they have close links (for example, schools on the same site). Where this is the case, details will be published in the Local Authority's Admissions Brochure.

**** In assessing home to school distance, the LA uses a Geographic Information System (GIS) to identify and measure the shortest route utilising only the Ordnance Survey Integrated Transport Network (ITN) and Urban Paths Network (UPN) which are national recognised datasets. The LA will not include any other routes or any other method of measurement. Routes are measured from the centre point**** of the child's house, or in the case of a flat from the centre point**** of the building, to the nearest school site entrance. In all cases the GIS identifies the route to be measured by connecting in a straight line the centre point**** of the child's house to the closest point on the nearest route on the ITN/UPN.

***** In accordance with the co-ordinates of the Basic Land and Property Unit on the National Land and Property Gazetteer.

Appendix 4

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
MTFP Reference (if relevant)	N/A
Cabinet Date (if relevant)	10 February 2021
Start Date	January 2021
Review Date	January 2022

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):

School Admission Arrangements Academic Year 2022/23.

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

General Public, Head Teachers and Governing Bodies/Academy Trusts of all schools/academies in County Durham, neighbouring Local Authorities, providers of Early Years Education.

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	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Disability	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Religion or Belief	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Sex (gender)	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Sexual orientation	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.
Transgender	N	The school admission arrangements comply with the Admissions Code of Practice and ensure fairness and equity.

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 are children and their families living in County Durham. It is not expected that children 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?

The School Admissions code exists to ensure fairness and equity in school admissions arrangements. The oversubscription criteria comply with the Code and:

- Are not gender specific and apply equally to all male/female applicants
- Do not apply to pupils who have an Education Health and Care Plan (EHCP) as they are automatically admitted to the school named in the EHCP, therefore they have priority for admission to school
- Are not age specific
- Ensure that all pupils regardless of race/ethnicity/religion or belief/sexual orientation are ranked according to the oversubscription criteria.

The number of school places and the co-ordination of admissions via the schemes do not impact on specific groups.

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.

The School Admissions Code exists to ensure fairness and equity in school admission arrangements. The policy and oversubscription criteria and co-ordinated admission schemes comply with the School Admissions Code.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	N
No evidence of actual or potential impact on some/all of the protected characteristics?	Y

Sign Off

Lead officer sign off: 	Date: 07/01/2021
Service equality representative sign off:	Date:

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

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

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

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Cabinet

10 February 2021



Proposal to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021

Key Decision: CYPS/01/2021

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:

Deerness, Esh & Witton Gilbert, Sacriston, Brandon.

Purpose of the Report

- 1 To seek Cabinet approval to amalgamate Durham Community Business College(DCBC) and Fyndoune Community College (FCC) into a single secondary school on the site of Durham Community Business College from 12 April 2021, 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 FCC has been part of a formal federation with DCBC since September 2009 – the 'Durham Federation'.
- 3 As a result of both schools failing Ofsted inspections, the Department for Education (DfE) issued a directive Academy Order in the expectation that the schools would be sponsored by a multi-academy trust. However, over a protracted period of time, the DfE failed to secure a sponsor.

- 4 As a consequence, the DfE agreed to return the schools to local authority-maintained control on condition the URN of one school was removed. This step required a process of public consultation following DfE statutory guidance.
- 5 Consultation was carried out between 5 October and 15 November 2020 with Governors, staff, parents and the wider community. Only 9 responses were received to that consultation, 5 in support of the proposal and 4 not in support of it. Those responses to the consultation that did not support the proposal failed to put forward educational reasons to suggest that amalgamating DCBC and FCC is not the right thing to do.
- 6 In a report dated 19 November 2020, the Corporate Director of Children and Young People's Services, used delegated powers to approve the issuing of a statutory notice proposing to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021.
- 7 The statutory notice was issued on 26 November 2020. Any person wishing to object or make comments on the proposal had four weeks from this date to do so. No comments were received to the proposal.
- 8 In accordance with DfE statutory guidance, Cabinet will make the final decision that determines the outcome of the proposal.

Recommendation

- 9 Cabinet is recommended to:
 - (a) agree to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021.

Background

- 10 Durham Community Business College and Fyndoune Community College are two small secondary schools in Ushaw Moor and Sacriston. They are currently two separate schools, have two separate school names and numbers but operate as one educational establishment. Both schools provide education for pupils aged 11-16. Durham Community Business College has the capacity to accommodate 755 pupils (currently there are 302 pupils on roll at the school) and Fyndoune Community College has the capacity to accommodate 526 pupils (currently there are 120 pupils on roll at the school,) although these children are taught on the Ushaw Moor site.
- 11 Durham Community Business College and Fyndoune Community College federated in September 2009 to form The Durham Federation. Since then the two schools have worked increasingly closer together to provide the best possible provision for the communities the schools serve.
- 12 Both schools have been judged by Ofsted as 'Requires Improvement'. FCC was inspected in March 2019 and DCBC was inspected in November 2019. Pupil numbers have fallen, especially at FCC, partly as an outcome of having been in an 'Inadequate' Ofsted category from September 2014, following which time the Department for Education failed to enlist an academy sponsor.
- 13 In order to raise standards a new leadership team was employed, and the way education was delivered was reviewed. Academic subjects are delivered from the Ushaw Moor site with the Sacriston site being used to deliver vocational subjects. The Sacriston site has also been used as a base for alternative provision, to support the education of some children with special educational needs, and as a Community Hub. These arrangements have allowed students from both communities and other schools to benefit from the facilities and provision. A wide range of community groups have benefitted from use of sports fields and buildings outside school hours, and these arrangements are set to continue.
- 14 The two schools which are approximately 7 miles apart are clearly identified as 'The Durham Federation' and although registered as separate schools, they operate as one entity and an amalgamation of the two schools will formalise this arrangement. The Department for Education required the Council to take this action as a condition of revoking the Academy Order on the schools.
- 15 The Council and the Governing Body of Durham Federation had become increasingly concerned about the comparatively low pupil numbers attending each school, which was resulting in difficulty in

delivering a broad and balanced curriculum across two sites. This means that both schools faced serious financial challenges but the action to concentrate all pupils and staff on one site as long as this could be accommodated was the most cost-effective approach, as well as presenting the best opportunities to pupils from an educational perspective.

- 16 A serious reduction in pupil numbers in recent years has meant that the schools face significant financial challenges. The federation is currently in a deficit position and this is forecast to rise significantly in the coming year. The Year 7 intake for September 2020 across both schools was 61 against a combined Pupil Admission Number (PAN) of 245.
- 17 In a report dated 18 March 2020, Cabinet agreed that consultation could commence on a proposal to close Fyndoune Community College. This will be achieved by amalgamating Fyndoune Community College with Durham Community Business College and closing Fyndoune Community College as a registered school on 12 April 2021.
- 18 The Cabinet report also agreed to the Council working with the local community to find a sustainable approach for the FCC site that protects and expands on existing community use. A decision by Cabinet to determine the outcome of the proposal to close FCC as a registered school will enable a focus future community use as the next phase of the process.

Consultation

- 19 An initial, non-statutory consultation on a proposal to amalgamate Durham Community Business College and Fyndoune Community College was held between 5 October and 15 November 2020. A virtual meeting on Microsoft Teams was held on 8 October 2020 with Governors. Parents and other stakeholders were encouraged to submit questions and comments regarding the proposal as well as by emailing relevant council officers.
- 20 Details of the consultation and a full summary of the consultation responses received is included in the delegated decision report dated 19 November 2020.
- 21 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 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).

- 22 The responses to the consultation were received and considered by officers in the Council. Of the 9 responses received, 5 were in support of the proposal and 4 were not in support of the proposal. Those not in support of the proposal expressed concerns that the proposal does not take account of the planned housing developments in Sacriston, Witton Gilbert and Sniperley Park, particularly when other local secondary schools are full. Those in support of the proposal felt that having education delivered from only one site enhances learning which in turn improves teaching and learning and pupil outcomes.

Decision to Issue a Statutory Notice

- 23 After considering the responses, a summary of which is provided in the delegated decision report dated 19 November 2020, the Corporate Director, Children and Young People's Services used delegated powers to agree to publish proposals to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021. A statutory notice was therefore published on 26 November 2020.
- 24 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 23 February 2021.

Responses to the Proposal Published on 26 November 2020

The Statutory Notice Period

- 25 No responses were received by the end of the 4-week statutory notice period.

Decision-Making Process - Factors to be considered by Cabinet

Consideration of Consultation and Representation Period

- 26 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 the views submitted, including all support for, and objections to and comments on the proposal. Details of the consultation are included in this report. The statutory notice published on 26 November 2020 and which expired on 23 December 2020 (the representation period) was prepared as defined in the regulations and complied with statutory requirements.
- 28 The delegated decision report (19 November 2021) provides full details of the responses received during the consultation period from 5 October 2020 to 15 November 2020. In summary, 9 responses were received, 5 in support of the proposal and 4 not in support of the proposal.

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 amalgamate Durham Community Business College and Fyndoune Community College is not linked to any other proposal.

Education Standards and Diversity Issues

- 31 Both schools have been judged by Ofsted as 'Requires Improvement'. FCC was inspected in March 2019 and DCBC was inspected in November 2019. Pupil numbers have fallen, especially at FCC, partly as an outcome of having been in an 'Inadequate' Ofsted category from September 2014. The Council and the Governing Body of Durham Federation had become increasingly concerned about the comparatively low pupil numbers attending each school, which was resulting in difficulty in delivering a broad and balanced curriculum across two sites. This means that both schools face serious financial challenges but the action to concentrate all pupils and a single staff on one site as long as this can be accommodated will be the most cost-

effective approach, as well as presenting the best opportunities to pupils from an educational perspective.

- 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 amalgamating Durham Community Business College and Fyndoune Community College.

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 Year 7 in the school in September 2021 will be 141.

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 amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school has no impact on the school's ability to follow the National Curriculum.

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;
 - foster good relations.
- 36 An equality impact assessment (Appendix 2) 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 schools provide education for boys and girls aged between 11-16 years and amalgamated single secondary school will continue to provide education for boys and girls across the same age range.

Travel and Accessibility

- 37 The single secondary school will operate on the existing site of Durham Community Business College which is where all pupils are currently taught. Consequently, there will be no increase in travelling time

Funding

- 38 Cabinet must be satisfied that the necessary funding required to implement the proposal will be available. If the proposal is agreed, no capital funding will be required to implement it.

School Premises and Playing Fields

- 39 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 Durham Community Business College has suitable outdoor spaces for all pupils.

Conclusion

- 40 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 amalgamating Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College.
- 41 Although there has been a limited response to the consultation and statutory notice, most responses received were in support of the proposal. There have been no educational reasons put forward by those not in support of the proposal as to why the proposal to amalgamate Durham Community Business College and Fyndoune Community College into a secondary school on the site of Durham Community Business College should not be agreed.

Background Papers

- Consultation document: 'Proposal to Amalgamate Durham Community Business College and Fyndoune Community College into a Single Secondary School on the site of Durham Community Business College from 12 April 2021'
- Consultation document distribution list – Oct/Nov 2020

Author(s)

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.

The Corporate Director of 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 of Resources also has a duty to report certain matters to the authority by virtue of Section 114 of the Local Government Finance Act 1988.

Schools have delegated budgets, but if a school fails to recruit sufficient pupils to maintain a viable budget, or incurs staffing or other costs in excess of income, then the decision to allow a school to set a deficit budget falls to the Section 151 Officer, the Corporate of Director Resources.

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 previous years.

Finance

At 31 March 2021 DCBC and Fyndoune are forecast to have a combined retained deficit balance of circa £795,000. Pupil numbers and associated pupil led funding is forecast to reduce over the short to medium term.

There should be income for the school from leasing the Fyndoune building to various groups.

Consultation

Consultation has been carried out in accordance with DfE statutory guidance. The approach to consultation is described in the report.

Equality and Diversity / Public Sector Equality Duty

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 amalgamate Durham Community Business College and Fyndoune Community College will benefit pupils, staff and parents. Education will be provided in one location with a single leadership team to facilitate 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 education at Durham Community Business College and Fyndoune Community College, their families and staff. Where a school under consideration for closure (which in effect Fyndoune Community College is under this proposal) is used by the community for sport, leisure and a range of community activities, the withdrawal of access to the facility will have potential negative impacts across the protected groups in particular age, gender and disability.

Although doing nothing and leaving 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 action is required. The proposal allows the Fyndoune site to remain open and that should enable activities for the community to continue to take place.

An Equality Impact Assessment is included in Appendix 2 to this report.

Climate Change

No impact as all pupils have been taught on the DCBC site since September 2018.

Human Rights

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

Crime and Disorder

No impact.

Staffing

No impact.

Accommodation

Fyndoune Community College site has been used as a base for alternative provision, to support the education of some children with special educational needs, and as a place where community groups can meet and use facilities. There is also a nursery school on a part of the site. These arrangements are well-established and there are no plans to have any of them change. A strong commitment of the Council is in ensuring that as wide a range of community groups as possible continue to benefit from the use of sports fields and buildings outside school hours, and if there is interest from the community this usage is likely to grow and develop.

Risk

A key risk is that because of actions taken by the Council (including the failure to make timely interventions), pupils and students do not receive an adequate education. There is an additional risk of reputational damage if the Council does not appear to be able resolve the problem of schools operating with significant and sometimes increasing budgetary difficulties, and allows some schools to continue to set deficit budgets whilst requiring other schools to balance their budgets.

The Section 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. There is a risk of external auditors calling into question the actions of the Section 151 Officer if no credible plans are agreed to resolve the issues described in this report.

Procurement

Not applicable.

Appendix 2: 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
MTFP Reference (if relevant)	N/A
Cabinet Date (if relevant)	February 2021
Start Date	October 2020
Review Date	January 2021

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 amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021.
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 Durham Community Business College and Fyndoune Community College, 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 Durham Community Business College and Fyndoune Community College, 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?**

Amalgamating Durham Community Business College and Fyndoune Community College 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 6 week consultation was held during October and November 2020. Consultation documents were distributed widely, and a meeting was held with Governors of the Durham Federation which comprises Durham Community Business College and Fyndoune Community College. Due to the situation with coronavirus and Government guidance on social distancing it was not possible to have meetings with 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. 9 responses were received to the consultation, 5 in support of the proposal and 4 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.

Durham Community Business College and Fyndoune Community College are two small secondary schools in Ushaw Moor and Sacriston. They are currently two separate schools, have two separate school names and numbers but operate as one educational establishment. Both schools provide education for pupils aged 11-16. Durham Community Business College has the capacity to accommodate 755 pupils (currently there are 289 pupils on roll at the school) and Fyndoune Community College has the capacity to accommodate 526 pupils (currently there are 131 pupils on roll at the school, although these children are taught on the Ushaw Moor site.

Both schools have been judged by Ofsted as 'Requires Improvement'. FCC was inspected in March 2019 and DCBC was inspected in November 2019. Pupil numbers have fallen, especially at FCC, partly as an outcome of having been in an 'Inadequate' Ofsted category from September 2014, following which time the Department for Education failed to enlist an academy sponsor. The council and the Governing Body of Durham Federation had become increasingly concerned about the comparatively low pupil numbers attending each school, which was resulting in difficulty in delivering a broad and balanced curriculum across two sites. This means that both schools face serious financial challenges but the action to concentrate all pupils and a single staff on one site as long as this can be accommodated will be the most cost-effective approach, as well as presenting the best opportunities to pupils from an educational perspective.

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: 1 February 2021
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

10 February 2021



Proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021

Key Decision: CYPs/02/2021

Report of Corporate Management Team

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

Cllr Olwyn Gunn, portfolio holder for children and young people's services

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To seek Cabinet approval to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021, 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 Windlestone School was inspected on 12 November 2019 and was judged to be inadequate. Under DfE regulations, as a result of this judgement, a directive Academy Order will generally be issued by the Secretary of State and the school will be expected to convert to academy status, sponsored as part of a multi-academy trust.
- 3 Alternatively, if a local authority takes steps to close the inadequate school and can do so in a satisfactory manner that disadvantages none of the pupils currently attending the school, the DfE can choose to withhold the issuing of an academy order.

- 4 The Council has proposed the closure of Windlestone as a registered school but, as part of the same consultation, enlarging Elemore Hall Special School to operate across its own site and the site of Windlestone School. In this way both sites will continue to be used so that students currently attending each will still be educated on a site that is familiar to them for as long as this is suitable for their progress and wellbeing.
- 5 Pupils will not have their education disrupted but will benefit from the improved standards of teaching, learning and leadership recognized by Ofsted in their inspections of Elemore Hall School.
- 6 Consultation was carried out between 5 October and 15 November 2020 with Governors, staff, parents and the wider community on the proposal to close Windlestone as a registered school and enlarge Elemore Hall so that it operates across the two sites. 20 responses were received to that consultation, 14 in support of the proposal and 6 not in support of it.
- 7 In a report dated 19 November 2020, the Corporate Director of Children and Young People's Services used delegated powers to approve the issuing of a statutory notice proposing to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021.
- 8 The statutory notice was issued on 26 November 2020. Any person wishing to object or make comments on the proposal had four weeks from this date to do so. No comments were received to the proposal.

Recommendation

- 9 No responses or comments were received to the statutory notice. This would appear to suggest that stakeholders have no objections to the proposal. Cabinet is therefore recommended to:
 - (a) agree to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021.

Background

- 10 Windlestone School in Chilton and Elemore Hall School in Pitlington are currently two separate residential special schools for children with identified social, emotional and mental health needs (SEMH). All children who attend have specialist provision identified on their Education, Health and Care Plan (EHCP).
- 11 Both schools provide education for pupils aged 11-16 and offer an extended school day with 20 residential places available at Windlestone and 25 places at Elemore Hall. Windlestone School also oversees an alternative provision (PACC) for 20 young people who need an alternative education package and additional therapeutic and vocational support. There is capacity for 80 places at Windlestone (plus 20 at PACC) and 86 places at Elemore Hall. Currently there are 71 on roll at Windlestone and 86 on roll at Elemore Hall.
- 12 Elemore Hall School was inspected in April 2019 and was judged by Ofsted to be Good. The residential provision was inspected in December 2019 and was judged to be good. Windlestone School was inspected in November 2019 and judged to be Inadequate, with the school placed in special measures. The residential provision was inspected at the same time and the overall judgement found to be Requiring Improvement.
- 13 When Ofsted determines that a school is inadequate, there would generally be action taken by the Department for Education (DfE) to issue an academy order, meaning that the school would be taken into a multi-academy trust which would then become responsible for all future decisions concerning the school. Alternatively, if a local authority takes steps to close the inadequate school and can do so in a satisfactory manner that disadvantages none of the pupils currently attending the school, the DfE can choose to withhold the issuing of an academy order.
- 14 If the LA cannot implement an effective option/strategy to address the weaknesses identified by Ofsted, Windlestone will be instructed to become an academy. An Academy is an independent state funded school. This means it is funded directly by the Government [the Education Funding Agency or EFA] rather than by a local authority as maintained schools are.
- 15 The local authority believes that, particularly in the case of SEMH schools, the needs of vulnerable learners can be best accommodated by a coordinated strategic approach to pupil placement across the entire county. This would ensure that Durham resources and funding would remain available for the benefit of Durham Children.

- 16 In order to reach a full understanding of the various options facing the Council about the future of Windlestone School, an analysis of the current financial position was completed by the Interim Executive Board (IEB), the school's finance officer on behalf of the local authority and the commissioned executive leader currently supporting the school.
- 17 Based upon current projections, the in-year gross budget shortfall is in excess of £625,000. The previous year's carry forward reduces the net budget shortfall to c.£300,000.
- 18 For long-term sustainability, it was recognised that the school would need to identify savings of at least £625,000 across the board, from a projected spend of £3.492m, representing a savings target of around 18%. The school's pending academy order placed a significant priority upon the council supporting current leaders to make the changes required so that the school would run more efficiently and that the quality of education could rapidly improve, within financial means.
- 19 As any budget savings would be heavily reliant on reduced staffing costs, in particular leadership costs, there was clearly a priority for review and ultimately for restructure.
- 20 A proposed review of leadership arrangements, along with further recommendations and considerations from the 2019 Ofsted report, were drawn up as a schedule of potential savings and shared with governors of Elemore Hall School.
- 21 The proposal to enlarge Elemore Hall School and close Windlestone will realise staff savings through a subsequent re-structure: separate posts over separate sites can be amalgamated into single responsibility posts over a split-site single school.
- 22 When Ofsted determines that a school is inadequate, there would generally be action taken by the Department for Education (DfE) to issue an academy order, meaning that the school would be taken into a multi-academy trust which would then become responsible for all future decisions concerning the school. Alternatively, if a local authority takes steps to close the inadequate school and can do so in a satisfactory manner that disadvantages none of the pupils currently attending the school, the DfE can choose to withhold the issuing of an academy order.
- 23 If the LA cannot implement an effective option/strategy to address the weaknesses identified by Ofsted, Windlestone will be instructed to become an academy. An Academy is an independent state funded school. This means it is funded directly by the Government [the Education Funding Agency or EFA] rather than by a local authority as maintained schools are.

- 24 A delegated decision from the Corporate Director Children and Young People agreed that consultation could commence on a proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021.
- 25 The local authority believes that, particularly in the case of SEMH schools, the needs of vulnerable learners can be best accommodated by a coordinated strategic approach to pupil placement across the entire county. This would ensure that Durham resources and funding would remain available for the benefit of Durham Children.

Consultation

- 26 An initial, non-statutory consultation on a proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone as a separate school was held between 5 October and 15 November 2020. Virtual meetings on Microsoft Teams were held between 6-12 October 2020 with Governors and staff. Parents and other stakeholders were encouraged to submit questions and comments regarding the proposal as well as by emailing relevant council officers.
- 27 Details of the consultation and a full summary of the consultation responses received is included in the delegated decision report dated 19 November 2020.
- 28 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 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).
- 29 The responses to the consultation were received and considered by officers in the Council. Of the 20 responses received, 14 were in support of the proposal and 6 were not in support of the proposal. Those not in support of the proposal expressed concerns that creating a larger school for more pupils could have a detrimental impact on children’s learning and progress. Those in support of the proposal felt that Elemore Hall was a good school and the proposal will help pupils to progress and that the staff at Elemore Hall were superior to some of

those at Windlestone and therefore the proposal would lead to more effective teaching and learning.

Decision to issue a Statutory Notice

- 30 After considering the responses, a summary of which is provided in the delegated decision report dated 19 November 2020, the Corporate Director, Children and Young People's Services used delegated powers to agree to publish proposals to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021. A statutory notice was therefore published on 26 November 2020.
- 31 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 23 February 2021.

Responses to the Proposal Published on 26 November 2020

The Statutory Notice Period

- 33 No responses were received by the end of the 4-week statutory notice period.

Decision-Making Process - Factors to be considered by Cabinet

Consideration of Consultation and Representation Period

- 34 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).
- 35 Cabinet must consider all the views submitted, including all support for, and objections to and comments on the proposal. Details of the consultation are included in paragraphs 13-16. The statutory notice was published on 26 November 2020 and expired on 23 December 2020 (the representation period). Officers prepared the notice as set out in the regulations and complied with statutory requirements.

- 36 The delegated decision report provides full details of the responses received during the consultation period from 5 October 2020 to 15 November 2020. In summary, 20 responses were received, 14 in support of the proposal and 6 not in support of the proposal.

Related Proposals

- 37 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.
- 38 The proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021 must be considered as a linked proposal.

Education Standards and Diversity Issues

- 39 Elemore Hall School was inspected in April 2019 and was judged by the inspecting body, Ofsted, to be Good. The residential provision was inspected in December 2019 and judged to be Good. Windlestone School was inspected in November 2019 and judged to be Inadequate, with the school placed in special measures. The residential provision was inspected at the same time and the overall judgement found to be Requiring Improvement. Windlestone School is also finding it difficult to set a balanced budget.
- 40 It is believed that the best way of improving education outcomes and easing the pressure on the budget will be most effectively achieved by enlarging Elemore Hall School so that it operates across the existing sites of Elemore Hall and Windlestone and by closing Windlestone as a registered school. A new leadership structure will be established if the proposal is agreed to ensure there is strong leadership across both sites to enhance teaching and learning and pupil progress. The proposal will enable the best of the offer at both schools to be implemented for all pupils.

National Curriculum

- 41 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 enlarge Elemore Hall School and to close Windlestone as a registered school has no impact on the school's ability to follow the National Curriculum.

Equal Opportunity Issues

- 42 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;
 - foster good relations.
- 43 An equality impact assessment (Appendix 2) 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 schools provide education for boys and girls aged between 11-16 years and the enlarged Elemore Hall School running across two sites will continue to provide education for boys and girls across the same age range.

Travel and Accessibility

- 44 The enlarged Elemore Hall School will operate on the existing sites of Elemore Hall and Windlestone Schools which is where all pupils are currently taught. Consequently, there will be no increases to travel time.

Funding

- 45 Cabinet must be satisfied that the necessary funding required to implement the proposal will be available. If the proposal is agreed, no capital funding will be required to implement it.

School Premises and Playing Fields

- 46 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 sites of Elemore Hall and Windlestone Schools have suitable outdoor spaces for all pupils.

Conclusion

- 47 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 enlarging Elemore Hall and closing Windlestone as registered school.

- 48 Although there has been a reasonably limited response to the consultation and statutory notice, most responses received were in support of the proposal. There have been no educational reasons put forward by those not in support of the proposal as to why the proposal to enlarge Elemore Hall so that it operates across the existing sites of Elemore Hall and Windlestone Schools, and to close Windlestone as a registered school should not be agreed.

Background Papers

- Delegated Decision Report dated 19 November 2020.
- Report to CMT- 8 July 2020.
- Consultation document: 'Proposal to make changes to Elemore Hall and Windlestone Schools with effect from 1 September 2021. This will be achieved by closing Windlestone as a registered school and expanding Elemore Hall so that it operates across the existing sites of both schools'.
- Consultation document distribution list – Oct/Nov 2020.
- Public notice: 26 November 20. 'Proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021'.

Author(s)

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

The proposal to enlarge Elemore Hall and to close Windlestone as a registered school will have no direct funding implication in itself as both the existing schools are funded in line with the number and type of placements they provide. However, the proposed arrangements provide a potential for significant financial efficiencies to be realised. The value of these efficiencies will be dependent on the final mix and size of provision delivered and the staffing structure implemented to deliver the provision.

Consultation

Consultation has been carried out in accordance with DfE statutory guidance. The approach to consultation is described in paragraphs 13-22 of the report.

Equality and Diversity / Public Sector Equality Duty

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 enlarge Elemore Hall School and close Windlestone School as a registered school will benefit pupils, staff and parents. Education will be provided by a school judged as "Good" by Ofsted 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 education at Elemore Hall and Windlestone Schools, their families and staff.

Climate Change

No impact.

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 proposal to enlarge Elemore Hall School and close Windlestone as a registered school would be determined by the Governing Body of Elemore Hall School.

Accommodation

None. Education will continue to be provided from the buildings and sites of the existing Elemore Hall and Windlestone Schools.

Risk

If the LA cannot implement an effective option/strategy to address the weaknesses identified by Ofsted, Windlestone will be instructed to become an academy. An Academy is an independent state funded school. This means it is funded directly by the Government [the Education Funding Agency or EFA] rather than by a local authority as maintained schools are. As such a sponsor of a Multi Academy Trust (MAT) would be approached with experience of successfully running similar schools. There is no certainty however that the MAT selected would be local or even regional. The local authority believes that, particularly in the case of SEMH schools, the needs of vulnerable learners can be best accommodated by a coordinated strategic approach to pupil placement across the entire county. This would ensure that Durham resources and funding would remain available for the benefit of Durham Children.

Procurement

Not applicable.

Appendix 2: 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
MTFP Reference (if relevant)	N/A
Cabinet Date (if relevant)	February 2021
Start Date	October 2020
Review Date	January 2021

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 enlarge Elemore Hall from 1 September 2021 and close Windlestone as a registered school on 31 August 2021.

The objective of the proposal is to ease pressure on the school budget and to improve Social, Emotional and Mental Health (SEMH) provision and raise educational standards.

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

General Public, governors, Staff, pupils of Elemore Hall and Windlestone Schools, Members, MPs, Trade Unions, Diocese, Department for Education, 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 Elemore Hall and Windlestone Schools, their families and staff. It is not expected that pupils and their families will be adversely affected.

A new staffing structure will be established for the enlarged Elemore Hall School which will run across the existing sites of Elemore Hall and Windlestone Schools. This should enable efficiencies to be made. Change management processes will be followed to ensure fair treatment of any affected staff.

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?

Enlarging Elemore Hall and closing Windlestone as a registered school will improve SEMH provision and enable the needs of vulnerable learners to be best accommodated by a coordinated strategic approach to pupil placement across the entire county which will continue to provide equal access for all.

A 6 week consultation was held during October and November 2020. Consultation documents were distributed widely, and meetings were held with Governors and staff of Elemore Hall and Windlestone Schools. Due to the situation with coronavirus and Government guidance on social distancing it was not possible to have meetings with 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. 20 responses were received to the consultation, 14 in support of the proposal and 6 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.

Windlestone School in Chilton and Elemore Hall School in Pitlington are currently two separate residential special schools for children with identified social, emotional and mental health needs (SEMH). All children who attend have specialist provision identified on their Education, Health and Care Plan (EHCP).

Both schools provide education for pupils aged 11-16 and offer an extended school day with 20 residential places available at Windlestone and 25 places at Elemore Hall. Windlestone School also oversees an alternative provision (PACC) for 20 young people who need an alternative education package and additional therapeutic and vocational support. There is capacity for 80 places at Windlestone (plus 20 at PACC) and 86 places at Elemore Hall. Currently there are 71 on roll at Windlestone and 86 on roll at Elemore Hall.

Elemore Hall School was inspected in April 2019 and was judged by Ofsted to be Good. The residential provision was inspected in December 2019 and was judged to be good. Windlestone School was inspected in November 2019 and judged to be Inadequate, with the school placed in special measures. The residential provision was inspected at the same time and the overall judgement found to be Requiring Improvement.

The local authority believes that, particularly in the case of SEMH schools, the needs of vulnerable learners can be best accommodated by a coordinated strategic approach to pupil placement across the entire county.

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: 1 February 2021
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

Section Two: Data Analysis and Assessment of Impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: Age			
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?	
Age profile of employees identifies a larger proportion of employees 45-64 at both schools. Therefore, any future proposals may have a potential disproportionate impact on this group of employees.	Count of Age Profile Row Labels	Update of equality analysis based on forward plans	
	Elemore Hall		58
	16-24		3
	25-44		24
	45-64		31
	Windlestone		54
	16-24		2
	25-44		21
	45-64		30
	65+		1
Grand Total	112		

Protected Characteristic: Disability		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Due to low number of employees disclosing whether or not they have disability, it is difficult to determine whether the proposals will have a potential impact on disabled employees.	Reasonable adjustments will be made where required.

Protected Characteristic: Marriage and civil partnership (workplace only)		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Pregnancy and Maternity		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Race (ethnicity)																				
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?																		
Based on the ethnicity profile it is not thought that the proposals will have a significant impact as the larger proportion of staff have declared themselves as White British.	Ethnic Origin Row Labels <table border="1"> <tr><td>Elemore Hall</td><td>58</td></tr> <tr><td>Not Disclosed</td><td>12</td></tr> <tr><td>White British</td><td>44</td></tr> <tr><td>White European</td><td>1</td></tr> <tr><td>Other White</td><td>1</td></tr> <tr><td>Windlestone</td><td>54</td></tr> <tr><td>Not Disclosed</td><td>8</td></tr> <tr><td>White British</td><td>46</td></tr> <tr><td>Grand Total</td><td>112</td></tr> </table>	Elemore Hall	58	Not Disclosed	12	White British	44	White European	1	Other White	1	Windlestone	54	Not Disclosed	8	White British	46	Grand Total	112	Update of equality analysis based on forward plans.
Elemore Hall	58																			
Not Disclosed	12																			
White British	44																			
White European	1																			
Other White	1																			
Windlestone	54																			
Not Disclosed	8																			
White British	46																			
Grand Total	112																			

Protected Characteristic: Religion or Belief		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Sex (gender)																
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?														
Gender profile of employees. The gender profile of all employees identifies a slightly larger proportion of female employees. Therefore, any future proposals may have a potential disproportionate impact on this group of employees.	Gender Row Labels <table border="1"> <tr><td>Elemore Hall</td><td>58</td></tr> <tr><td>Female</td><td>31</td></tr> <tr><td>Male</td><td>27</td></tr> <tr><td>Windlestone</td><td>54</td></tr> <tr><td>Female</td><td>29</td></tr> <tr><td>Male</td><td>25</td></tr> <tr><td>Grand Total</td><td>112</td></tr> </table>	Elemore Hall	58	Female	31	Male	27	Windlestone	54	Female	29	Male	25	Grand Total	112	Update of equality analysis based on forward plans.
Elemore Hall	58															
Female	31															
Male	27															
Windlestone	54															
Female	29															
Male	25															
Grand Total	112															

Protected Characteristic: Sexual Orientation		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Transgender		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
	Employee data not disclosed	

Section Three: Conclusion and Review

Summary

Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.

There is evidence that there would be potential or actual impact on protected groups of staff (teaching, support or caretaking) and governors. In particular, there are potential impacts in relation to age and gender.

Will this promote positive relationships between different communities? If so, how?

There is evidence that there would be potential or actual impact on protected groups of staff (teaching, support or caretaking) and governors. In particular, there are potential impacts in relation to age and gender.

Action Plan

Action	Responsibility	Timescales for Implementation	In which plan will the action appear?

Review

Are there any additional assessments the need to be undertaken? (Y/N)	N
When will this assessment be reviewed? Please also insert this date at the front of the template.	January 2021

Sign Off

Lead Officer sign off:	Date:
Service equality representative sign off:	Date:

Please return the completed form to your service equality representative and forward a copy to equalities@durham.gov.uk

Cabinet

10 February 2021

**A Corporate Environmental Statement,
Management System and Governance**

Ordinary Decision



Report of Corporate Management Team

**Alan Patrickson, Corporate Director of Neighbourhoods and
Climate Change**

**Councillor Brian Stephens, Cabinet Portfolio Holder for
Neighbourhoods and Local Partnerships**

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To set out a statement of environmental ambitions for the County Council.
- 2 To approve the adoption of a nationally recognised environmental management system and accreditation through Investors in the Environment to ensure robust processes and performance management discipline are integrated into driving improvements.
- 3 To consider strategic governance arrangements, that will help lead in the corporate coordination of environmental activity in fulfilment of these ambitions, especially those linked to climate change.

Executive summary

- 4 The County Council has a wide variety of plans and strategies related to the environment, for example Climate Change Emergency Action Plan, Single Use Plastics, Cycling and Walking Strategy, Sustainable Procurement, as well as commitments made in the Local Plan and County Durham Vision. It is now timely to consider how these plans work together and to set out a summary statement of it the Council's environmental aspirations, encompassing existing and future plans, within which initiatives, targets and benefits can be identified and addressed.

- 5 This report provides for consideration an overarching environmental statement that fulfils this. It is set out in a few pages and the ambitions contained in it will be reflected in the Council's values and its relationships, both internally and externally. The statement is set out in Appendix 2.
- 6 It is important to recognise that the development of a variety of important environmental plans, some of which are nationally recognised as developing best practice, has continued at pace. The introduction of an overarching statement will provide immediate and long-lasting benefit by reinforcing an overall and unifying commitment.
- 7 An effective environmental policy is dependent on a clear and practical delivery mechanism and an Environmental Management System (EMS) is an established process for achieving this.
- 8 The nationally recognised Investors in the Environment (IiE) management system has been developed to record, monitor and improve all environmental aspects of organisational operations leading to an auditable, externally verified accreditation. By adopting this system, the Council will achieve and measurable demonstration of environmental performance.
- 9 It is recognised that the Council's greatest environmental challenge is that of reducing its carbon emissions, and through a partnership approach fostering a reduction in emissions across the County. The report to Cabinet in February 2019 detailed an ambitious Climate Emergency Response Plan (CERP). Significant progress has already been made against this plan and an annual progress report will shortly be published. There is an opportunity to align the work of the CERP with the EMS through a common governance framework.
- 10 Overseeing the implementation of the EMS and the CERP will be the responsibility of a senior-officer level Net Zero Carbon Board under the leadership of the Corporate Director of Neighbourhoods and Climate Change. This board will be supported by operational and policy workstreams from across the organisation to ensure delivery is achieved.
- 11 The board will also play a pivotal role in relating corporate activity to externally based initiatives that are being developed through the recently re-established Environment and Climate Change Partnership. This comprises county-wide external stakeholders working with the Council to achieve environmental outcomes and operates under the auspices of the County Durham Strategic Partnership.

Recommendations

12 Cabinet is requested to:

- (a) endorse a new corporate Environmental Statement and agree to implement it across all Council services (Appendix 2);
- (b) agree to the introduction of an Environmental Management System to manage and record progress, and accreditation through the national Investors in the Environment (IiE) accreditation scheme;
- (c) support the establishment of a cross-service mechanism to drive the delivery of the Environmental Statement along with the existing Climate Emergency Response Plan and other key environmental commitments through the introduction of a corporate Net Zero Carbon Board.

Background

- 13 The County Council's work and reputation in tackling environmental issues is excellent, with national recognition in its work for example ranging from carbon reduction, fly tipping, environmental cleanliness waste management and horticulture.
- 14 Much of the success has arisen from bespoke policies, and action plans in delivering a plethora of projects and initiatives. These plans might range from example Climate Change Emergency Action Plan, Single Use Plastics, Cycling and Walking Strategy, Sustainable Procurement. Part of the Local Plan and County Durham Vision also express aspects of the Council Vision.
- 15 The establishment of a single overarching policy statement regarding the environment will provide recognition and co-ordination of initiatives as being inter-connected and part of an overall environmental purpose.
- 16 Increasingly it is recognised, that delivering environmental objectives is a corporate responsibility. Nowhere is this more evident than in the delivery of the Climate Change Emergency Response Plan approved by Cabinet in February 2019 and involving all service groupings across the County. There is a need to enshrine this corporate working in our internal governance arrangements and additionally have mechanisms in place to monitor and review performance, benchmarking against others where necessary.
- 17 This report therefore sets out:
 - i) an over-arching environmental statement which sets out Council ambition;
 - ii) an outline of an environmental management system proposed to be adopted as a tool for assessing and improving environmental performance.
 - iii) an outline of internal governance intended to deliver on the foremost challenge of carbon reductions;

Environmental Statement

- 18 To date environmental management and reporting has developed across a number of separate fronts. Bringing these together into a single management system will provide for a more holistic view of progress. As a result, a new policy and delivery document has been produced to embed environmental performance and improvement activities it into existing strategic management and decision-making processes.

19 The new statement encompasses key emerging issues including the climate emergency, single use plastics and critical declines in biodiversity. It will enable issues to be prioritised, focussing on aspects of activity where the council can have the greatest impact whilst being broad enough to capture the range of environmental impacts and issues that the Council is facing.

20 The key ambitions are that:

Durham County Council recognises the importance of striving for and maintaining a high-quality environment and our responsibility towards it as being an integral part of our organisational duties and core values. It therefore commits to:

- *Take opportunities to improve environmental outcomes;*
- *Reduce the environmental impact of our operating methods and consumption of resources;*
- *Regularly monitor and continually improve our environmental performance;*
- *Ensure environmental impacts are understood within our decision-making processes and practices;*
- *Take a lead role on critical issues such as climate change, single-use plastic reduction, declines in biodiversity;*
- *Raise awareness of and encourage environmentally positive behaviours and best practice;*
- *Work with and support others to protect and improve our natural environment.*

21 A copy of the full environmental statement, including sections detailing responsibilities and principles is included in Appendix 2.

Environmental Management System (EMS)

22 An effective environmental policy is dependent on a clear and practical delivery mechanism and an Environmental Management System (EMS) is an established process for achieving this. Investors in Environment (IiE) is one such system, nationally recognised accreditation scheme providing independent audit and advice which is utilised by Business, Industry and Local Authorities alike.

23 A specialist independent assessor has carried out an audit of council activities and plans for the environment against a nationally recognised environmental standard; 'Investors in the Environment'.

- 24 The audit, which involved interviews with 35 strategic managers, assessment of a variety of existing plans and strategies, also made a series of recommendations which are being utilised for improvement plans. Whilst this is the most important aspect of the work, their assessment has also revealed that we are currently at a Silver (middle standard: (Bronze low, Silver progressing, Green achieved highest standard). This can perhaps be taken as good news, recognising that the Council is already achieving a lot, but also highlighting that there is scope for further improvement.
- 25 Based on the value and benefits of this one-off audit, it is suggested that the system be adopted, and consistent with policy there is a strive for further improvement. Managing the implementation of the EMS will be the responsibility of a cross-service environmental management workstream of technical leads reporting to the Net Zero Carbon Board.

Governance

- 26 Overseeing the implementation of the new policy will be the responsibility of a senior-officer level Net Zero Carbon Board under the leadership of the Corporate Director of Neighbourhoods and Climate Change. It will be supported by operational workstreams of internal technical leads, including an environmental management workstream, to ensure delivery is achieved.
- 27 The board will also play a pivotal role in relating corporate activity to externally based initiatives that are to come forward from the recently established Environment and Climate Change Partnership. This comprises county-wide external stakeholders working with the Council to achieve environmental outcomes and operates under the auspices of the County Durham Strategic Partnership.
- 28 The Net Zero Carbon Board will not have decision making powers, but will be instrumental in fulfilling Council vision, policy and plans in this area, with reports to Cabinet, Council and Scrutiny Boards as appropriate.

Conclusion

- 29 This report seeks to provide a single overarching environmental policy statement, which links together both existing and future plans and strategies, expressing the Councils broad commitment to this important issue.
- 30 It outlines new internal governance arrangements to further drive and coordinate a corporate approach to reducing carbon emissions and introduces an environmental management system (Investors in

Environment) as an important tool to ensure systems are in place to deliver on the ambitions.

Authors

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Appendix 1: Implications

Legal Implications

It will improve our compliance on environmental issues.

Finance

£6,000 revenue budget allocation for liE registration fees going forward on an annual basis.

Consultation

35 interviews have taken place with key internal services and managers have been engaged throughout the process. The resultant environmental statement, support for a management system, and initial plans are all in furtherance of this statement.

Equality and Diversity / Public Sector Equality Duty

No issues. In the unlikely event that individual actions will have issues, they will be addressed as part of the project.

Climate Change

The policy and liE will complement our work on climate change and will reduce climate impacts that are outside the scope of our carbon management plan. For example, reduced resource use and improved waste disposal will lower carbon emissions produced in raw material extraction but are outside the formal scope of our carbon management plan.

Human Rights

No Issues.

Crime and Disorder

No Issues.

Staffing

There will be some staff time required from across the Authority to deliver the work, notably with Low Carbon Economy and Service Performance management teams.

Accommodation

No Issues.

Risk

The proposal reduces risk of environmental consequences.

Procurement

The Procurement team has been involved and will continue to be engaged with the project.

Appendix 2: Environmental Statement

Durham County Council's Environmental Statement

Durham County Council recognises the importance of striving for and maintaining a high-quality environment and our responsibility towards it as being an integral part of our organisational duties and core values. We will therefore:

- Actively identify and take opportunities to improve environmental quality and outcomes throughout our activities;
- Reduce the environmental impact of our activities, operating methods and production and consumption of resources;
- Regularly monitor and report on environmental indicators and continually improve our environmental performance;
- Ensure environmental impacts and sustainability are understood and embedded within our decision-making processes, policies, strategies, projects and working practices;
- Comply with and endeavour to exceed all relevant certification standards, accreditations and regulatory requirements;
- Take a lead role on critical issues such as climate change, single-use plastic reduction, declines in biodiversity and ensuring a green, inclusive and resilient Covid 19 recovery;
- Contribute to tackling other global challenges we face as defined by the UN Sustainable Development Goals;
- Raise awareness of and encourage environmentally positive behaviours and best practice among employees, members, partners, those we commission work to, residents and our communities; and
- Work with and support others to protect, improve and connect County Durham's natural environment and natural capital.

Responsibility

Durham County Council's Cabinet and Corporate Management Team have overall, collective responsibility for the Council's Environmental Statement. The Net Zero Carbon Board will oversee and review its implementation. All employees, including those that work within schools and arm's length organisations are to abide by its principles, including when determining any locally specific environmental guidelines and when working with partners.

Key Principles:

Climate Emergency

All service areas and staff are responsible for responding to the climate emergency in their area of work in order to meet or exceed emission reduction targets, raise awareness of the climate emergency and ensure that we are best able to respond and adapt to the impacts of climate change.

Sustainable Procurement

The Council's commissioning and procurement activity will be undertaken in an economically, environmentally and socially responsible manner, taking into account whole life impacts and benefits of the contract along with the environmental and ethical credentials of suppliers.

Resources

The Council will proactively seek to avoid and minimise unnecessary resource consumption as a key part of its decision making and operational practices. Where resources, such as energy, water, minerals etc are required, these will be managed sustainably and will be kept in use for as long as possible, abiding by 'circular economy' principles.

Waste

The Council will avoid and minimise waste by encouraging employees, members suppliers, businesses and our residents to reduce, reuse, recycle and compost.

Sustainable Design and Construction

The Council will adhere to sustainability principles to ensure that the location, orientation, construction methods and materials, ongoing maintenance, refurbishment, operation and demolition of its buildings and infrastructure minimises impact on the natural and built environment and maximises resource efficiency. All new buildings will need to meet the requirements of the County Durham Plan and comply with the standards set out in all other relevant internal policy and guidance. The Council will seek to achieve the same standards for major refurbishment projects where viable.

Natural Capital

The council will seek to protect and enhance natural capital, across its estate, highways, woodlands, green and blue spaces and within decision making, ensuring that net gains in biodiversity are achieved, the most environmentally beneficial management regimes are adopted and pollution is prevented.

Transport and Air Quality

The council will work to reduce the environmental impacts of staff travel and seek innovative, sustainable solutions to travel and travel avoidance around the county, including the adoption of smarter working practices. Where travel is necessary, we will work to reduce the impacts from our own vehicle fleet and the use of officers' cars for business travel, including supporting the uptake of electric vehicles, bikes and roll out of Ultra Low Emissions Vehicle charging

infrastructure. The Council will also seek to embed walking, cycling and public transport use into County Durham's everyday travel culture and will pay particular attention to the implementation of measures within Air Quality Management Areas.

Festivals and Events

The council will be leaders in festival and event environmental responsibility, ensuring that we, organisers, traders and attendees comply with standards relating to marketing and promotion, waste reduction, reuse and recycling, sources of power, travel, food, pollution prevention and protection of public amenity and biodiversity.

Culture

The council will involve staff and members in the implementation of this policy for greater environmental accountability and improved performance. Staff and members will be provided with relevant environmental training and will be engaged through regular communication, sharing of performance information and activity. We will also work with suppliers, contractors, sub-contractors and our partners to encourage their environmental performance and will actively engage with our residents and communities to encourage and facilitate environmentally positive behaviour. This policy will be reviewed at least once annually in consultation with staff and other stakeholders where necessary.



Durham County Council - Cabinet
Durham County Council – Corporate Management Team

Appendix 3: Indicators

Council Wide Indicators

Tracking impacts across the whole of the authority:

- Mileage/Transport
- Carbon emissions
- Water consumption
- Renewable energy generated
- Procurement impacts, initially looking at spend on consumables but working on key contracts as they come up for renewal.

Building specific indicators

Looking at impacts from key buildings-County Hall, Crook, Green Lane, and Spectrum 8:

- Waste generated-general, recycling, other
- Electricity use
- Gas use/heat generation
- Water use

Natural Capital

The Council owns and/or manages a variety of land including, for example, woodlands, parks, nature reserves, amenity open space, highways verges, grazing land, playing fields etc. Whilst not currently available, this EMS will identify actions to better understand:

- The natural capital assets, benefits and services provided by our estate; and
- How our estate in its entirety and its management currently benefit biodiversity and how this can be enhanced.

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Cabinet

10 February 2021

**Council Homes Build Programme –
Phase 1**

Ordinary Decision



Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor Kevin Shaw, Cabinet Portfolio Holder for Housing and Assets

Purpose of the Report

- 1 To provide Cabinet with an overview of the arrangements that have been put in place to support the development of 500 new Council homes over the next five years. The report provides details of seven development sites across the County and seeks authorisation to begin the first phase of the Durham County Council, New Council Home Build Programme.

Executive summary

- 2 In March and October of 2020 cabinet approved a £70 million development programme to build 500 new Council Homes over the next five years. A phased plan to building the new homes is proposed in order to allow a structured and planned approach to providing the appropriate professional capacity and expertise needed to ensure the new developments meet the housing needs within the County.
- 3 This report will outline the potential Phase 1 of the new build programme, it will cover:
 - Phase 1 site selection;
 - Delivering the programme;
 - Next steps.
- 4 Our new building programme investing directly £70 million in new homes, provides not only essential new homes, but will support directly

the ongoing economic and community recovery from the Covid19 pandemic.

- 5 For individuals and families, moving into a new home can be a life changing event and for local communities the resulting investment is often associated with wider regeneration benefits for the wider area.
- 6 The decision to become a landlord will mean that a new significant service area within the Council will need to be developed to accommodate not only the development and build of the homes but most importantly, it will require the introduction of a new housing management service that will ensure that the Council's legal responsibilities are effectively discharged and a high quality service is delivered to tenants.
- 7 The delivery of our £70 million investment, like all County Council investments, will be delivered in accordance of the County Durham Pound principles, where we ensure all investment delivered by the County Council supports strict and strong social value principles.
- 8 A 500 homes programme would result in a total capital spend of approximately £70 million, which will help support the local construction industry and associated supply chain. It is envisaged that emerging work with Procurement on a Durham Local Wealth Building programme will ensure that local communities and businesses directly benefit.

Recommendation

- 9 Cabinet is recommended to:
 - (a) agree phase 1 of the Council Homes Building Programme subject to individual scheme viability;
 - (b) delegate authority to the Corporate Director of Regeneration and Economic Growth and the Interim Corporate Director of Resources, in consultation with the Portfolio holders of Strategic Housing and Assets and Finance to:
 - (i) consider detailed reports on scheme viability and to sign off schemes for full development;
 - (ii) agree any substitute sites to replace sites that do not pass the appropriate viability tests.
 - (c) agree to receive, by October, a further report on Phases 2 and 3 of the programme to build out the 500 new homes.

Background

- 10 In October of 2020 Cabinet approved a development programme to build 500 new Council Homes over the next five years and allocated £12.5 million from the Capital programme to provide gap funding.
- 11 This report will propose a number of sites to make up Phase 1 of the new build programme. Approval of Phase 1 will allow the detailed development / design work to be started, planning permissions to be sought and build on site started. This report will cover:
 - Site selection:
 - Glossary of the sites;
 - Need and demand;
 - Delivering the programme;
 - Next steps.

Proposed Phase 1 – Site Selection

- 12 The strategic rationale behind the Council new build programme has previously been considered by Cabinet. In summary there is an annual gap between the number of new affordable (for rent) homes being built compared to the numbers that are required. The Council new build programme will help bridge that gap. The programme is meant to compliment and provide additionality to the current new build programme of partner Registered Social Landlords (RSLs).
- 13 Cabinet has previously agreed to Council owned land being made available to support the programme and 24 potential sites have been put forward for further review. These sites, for the majority, form part of the County Council's disposal programme alongside several sites identified within the Strategic Housing Land Availability Assessment (SHLAA).
- 14 A high-level review on each of the sites has been undertaken and this includes reviewing both the housing need and demand in the area together with an understanding of any existing proposals for that need to be met by existing RSL partners. The proposed developments are in accordance with the future housing requirements contained in the Strategic Housing Market Assessment (SHMA) that informed the adopted County Durham Local Plan.
- 15 It must be noted that at this stage significant work is required to confirm that any specific site can be developed and a this will be established after a full viability study is completed. Therefore, at this stage Cabinet is asked to agree the principle locations for those sites, subject to further due diligence, as it may be that in the development of the programme sites will change.

- 16 The selection of sites for inclusion in phase 1 has been undertaken using the following criteria:
- the need and demand for affordable homes and older person accommodation;
 - the Council's land availability and suitability;
 - a review of the demand not currently being met by Registered Providers (RPs) within the short to medium term;
 - the access to funding streams for example s106 Commuted Sums and/or Homes England [HE] Grant;
 - regeneration opportunities.
- 17 Where RPs already have an ambitious build programme within a locality, we have identified this as part of the glossary of the sites within Appendix 3 of this report. This has therefore influenced the needs base assessment as to which sites to take forward.
- 18 A number of the sites would allow the construction of a larger number of homes for rent than the Council would wish to provide in one location. This would also offer the opportunity to provide a mixed tenure scheme on a larger site. Therefore, in these instances we may wish to look for a development partner to help take the rest of the site forward. This will be dealt with on a site by site basis and will be dealt with via the site development brief and subsequent viability assessment.
- 19 In these circumstances, involving a potential partner, the detailed arrangements relating to how an individual site is commissioned between Council and private developer will be considered as part of the viability assessment and to support the wider regeneration that the delivery of new homes brings to the wider community.
- 20 Taking the criteria into consideration the following development sites are proposed to form the first phase of the Council Homes Build programme.

Phase 1 of the development programme identified sites

Site	Total Homes	DCC Homes
North of Portland Avenue, Seaham	45	20/30
St Agatha's Close, Brandon	54	30
Greenwood Avenue, Burnhope	110	40/50
Chaytor Road, Bridgehill	35	35
Edison Street, Murton	10	10
Clevesferye House, Ferryhill	10	10
Shieldrow Lane, New Kyo	10	10
Total	271	c.155

21 Each of the sites has its own challenges and advantages offering a unique opportunity to delivery specialist older person accommodation within areas of high need and demand. More details for each of the sites including site plans can be found in the appendices:

- (a) Appendix 2: Land at Clevesferye House, Ferryhill;
- (b) Appendix 3: Land at Chaytor Road, Bridgehill;
- (c) Appendix 4: Land at Edison Street, Murton;
- (d) Appendix 5: Land at Greenwood Ave, Burnhope;
- (e) Appendix 6: Land at Shieldrow Lane, New Kyo;
- (f) Appendix 7: Land at St Agatha's, Brandon;
- (g) Appendix 8: Land North of Portland Avenue, Seaham.

22 Appendix 9 provides an analysis of each of the sites selected set against the selection criteria identified in paragraph 16 above.

23 For each scheme an early individual site / scheme viability assessment will be carried out. It is possible that one or more of the sites identified

in the proposed Phase 1 list are not deemed viable. In such circumstances the Director of Regeneration, Economy and Growth will agree a substitute site from the list of sites previously supplied by CPAL.

- 24 The Clevesfyre site in the proposed phase 1 is in the current Council land disposal programme at a value of £100,000. The transfer into the Housing Revenue Account will result in a shortfall of funding in the general fund capital programme which will be met from capital contingencies. In addition, the land value of the remaining sites in Phase 1 is forecast to be £1.471 million which will not be available in the future to finance the general fund capital programme.

Delivering the Programme - Housing Programme Board

- 25 At officer level a Housing Programme Board has been established. The remit of the Board is to:
- (a) build 500 new Council Homes within the budgets agreed by Cabinet and over the period 2021 – 2026; and
 - (b) ensure that the Council is able to effectively discharge its legal responsibilities as a responsible landlord.
- 26 Five core workstreams have been established within the following structure. Workstream outcomes have been set and leads have been identified to ensure delivery against those outcomes. The five workstreams and the work they will be undertaking are as follows:
- i. Governance : Ensure that appropriate arrangements are in place at member and officer level to enable appropriate decisions to be made in relation to development, housing management, finance and regulatory issues;
 - ii. Development : Provision of project management and professional technical services to produce a viable housing scheme, obtain planning permission and build the homes. A more detailed assessment of the work required is contained in para. 28 of the report;
 - iii. Housing Management : Once the homes are built the Council needs to discharge its legal responsibilities as a landlord. This workstream will develop the housing management policies and produce an options paper on how housing management services can be delivered;
 - iv. Finance : With over £70 million in capital expenditure and the creation of a new Housing Revenue account, this workstream will

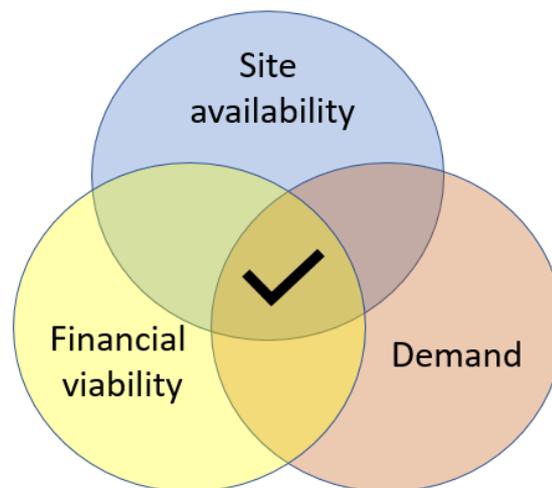
ensure that the appropriate financial processes and controls are put in place to support the successful delivery of the development programme and long term housing management services.

- v. Regulatory : As a Registered Provider the Council must comply with the regulatory standards that have been set nationally. This workstream will ensure that both the Economic Standards and the Consumer Standards that have been set by Government, are adhered to.
- 27 This report is focused on the delivery workstream and subject to Cabinet agreeing to the Phase 1 sites going forward, resources will be put in place to oversee the process to build the homes.
- 28 The delivery / development process will be overseen by project manager(s) with appropriate skills from within the Council. Reporting into the Programme Director and the delivery Board, the Project Manager(s) will commission the appropriate professional services to undertake the following work:
- (a) create a detailed delivery programme, including future phases, to build 500 affordable homes in period 2021 – 2026;
 - (b) maintain a risk register and take responsibility for ensuring development risks are managed in accordance with the register;
 - (c) identify land availability and supply over the programme period;
 - (d) ensure appropriate site investigations are carried out;
 - (e) agree site brief with housing client;
 - (f) initial architects input into outline scheme, site plan, property types and mix;
 - (g) identify and agree build procurement route and selection of builder;
 - (h) establish specific outcomes for local wealth creation;
 - (i) liaise with Homes England to secure Affordable Housing Grant (AHG) and ensure any conditions and/or processes of HE are fully complied with;
 - (j) consider applications for S106 commuted sums;
 - (k) work with Finance workstream to agree target rents;
 - (l) redesign scheme to ensure viability if required;

- (m) produce scheme viability report (Land, demand, financial hurdles) and report to appropriate bodies / people for scheme sign off;
- (n) co ordinate scheme development to secure viable project;
- (o) secure planning permission;
- (p) undertake any consultation required outside of the planning process;
- (q) agree site start and programme;
- (r) ensure delivery of the build to quality required, on time and to budget;
- (s) take delivery of completed homes for allocation.

29 Discussions are currently taking place internally to determine the most appropriate process for securing the services that the project manager(s) needs to bring together.

30 The issue of scheme viability needs further consideration.



31 The graphic above summarises the key issues that will be brought together in order that each site/scheme within Phase 1 can be judged in relation to viability. A viability assessment / report will cover:

Land : This will assess that the land is able to be built on and will cover any legal issues, site conditions, ownership, access and initial planning assumptions.

Demand : Each scheme needs to be built having confidence that there is sufficient local demand for the properties that are being built. This will include detailed analysis of known need and waiting lists. It will also

consider if the needs that have been identified are being met by other providers.

Finance : This is a key consideration. The October Cabinet report detailed the complexities and legal requirements of making sure that new housing schemes were capable of being built without having an annual revenue deficit. The financial viability process will assess the cost of development and ongoing and long term revenue costs of being a landlord and will compare that to the revenue income from affordable rents and the capital grants that will be required from both Homes England (or S106 Commuted sums) and Durham County Council.

The key variable elements to this calculation relate to the cost of development (including land remediation costs, site design, property numbers and mix, dwelling specifications and construction methods). In the event of initial viability assessments being negative, work will be undertaken to revise the variables to provide a positive viability assessment whilst still delivering a quality development that meets local housing needs.

- 32 It is proposed that individual sites within the various phases will require approval at this 'viability' stage which will allow moving the project to planning permission and then construction. Subject to Cabinet approval of this report it is hoped that planning decisions and start on site will take place by the end of 2021.
- 33 To ensure timely decisions on scheme viability it is suggested that delegated authority to the Corporate Director of Regeneration and Economic Growth and Corporate Director of Finance, in consultation with the Portfolio holders of Strategic Housing and Assets and Finance to consider detailed reports on scheme viability and to sign off schemes for full development.

Next Steps

- 34 Subject to approval of Phase 1 sites detailed work, as detailed in paragraph 28, will continue including preparation of scheme specific development briefs, proposals and viability assessments for approval. Schemes given approval will lead to planning applications being made. At the same time work will be undertaken to identify a builder and or development partner. As this work develops a more detailed development programme identifying key milestones for each site will be produced and reported to Cabinet.
- 35 Discussions are taking place on the potential for the Council workforce to build some of the new homes in this programme.

- 36 Finally, the development resources will also begin preparing sites for inclusion in phases 2 and 3 to deliver the remaining 350 homes by 2026. In order to ensure an early start on future phases a further report will be presented in within 6 months to seek approval in principle of these future phases.

Equalities Implications

- 37 An Equality Impact Assessment will be produced as part of any feasibility work in association with the project.

Background papers

- Cabinet paper of 14 October 2020.

Other useful documents

- None.

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Appendix 1: Implications

Legal Implications

The Council remains a Registered Provider of Social Housing and has all the necessary powers to fulfil the recommendations. The Council will be required to re-establish its Housing Revenue Account at the point it has an interest in 200 properties. Tenancies granted by the Council will be secure and tenants will, in almost all cases, benefit from the Right to Buy.

Finance

The General Fund will be required to subsidise the Housing Revenue Account with a £12.5 million subsidy to enable the development of 500 new homes. This sum will be included in the Council capital programme in coming years.

In addition, the Clevesfyre site assigned for housebuilding is in the current Council land disposal programme at a value of £100,000. The transfer into the Housing Revenue Account will result in a shortfall of funding in the general fund capital programme which will be met from capital contingencies. In addition, the land value of the remaining sites in Phase 1 is forecast to be £1.471 million which will not be available in the future to finance the general fund capital programme.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

The new homes will be built in accordance with the latest environmental and sustainability criteria included in both Homes England funding requirements and Building Regulations

Human Rights

None.

Crime and Disorder

None.

Staffing

Staffing of the delivery vehicles and associated on going work.

Accommodation

None.

Risk

None.

Procurement

Specialist consultants will need to be appointed in order to carry out the required feasibility work.

Appendix 2: Land at Clevesferye House, Ferryhill

Land at Clevesferye House, Ferryhill



Site Overview

The site is well-contained within Ferryhill, in the south-east of the County. It comprises 0.41ha of brownfield land, which lies between Ferryhill Community Hub to the west and Lambton Road to the east.

The site is located within a predominantly residential area, with mostly post war semi-detached and terraced properties. Semi-detached properties on Lambton Road lie to the south of the site, whilst terraced houses lie to the east of the site, on the other side of Lambton Road. Ferryhill Community Hub lies to the west of the site and its car park lies to the north.

Planning History

The site is an area of previously developed land. Clevesferye House was originally built for use as a children's home in the 1930s. The site was converted into offices in 1994 (ref. 7/1994/0232/DM) and was used by Durham County Council as office space until 2017. An application for the change of use from office accommodation to 12 no. 1 bed assisted living apartments was submitted in September 2018 (ref. DM/18/02956/PNC), however this was eventually withdrawn and the site has remained vacant since. Earlier in 2020, the building was demolished and the site has since been cleared.

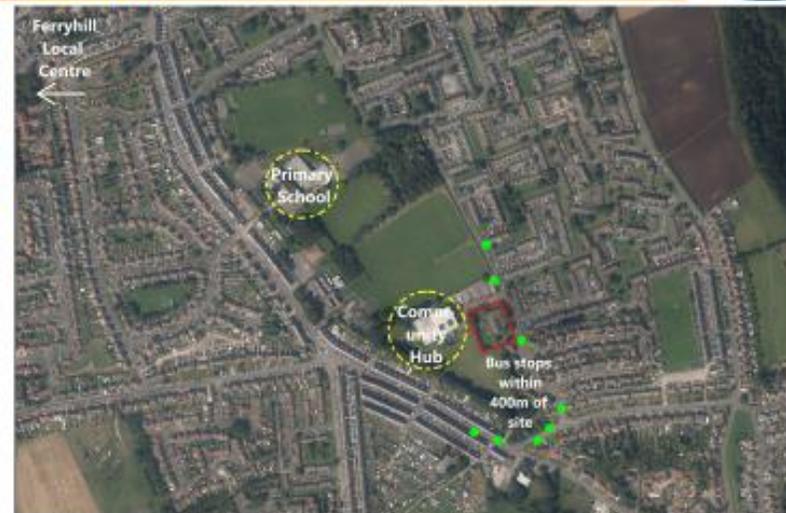
A small portion of the site is designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA2293), however the benefits of redeveloping the site would outweigh any harm caused through loss of open space. The site is accessible via Lambton Road which runs along its eastern perimeter. It lies approximately 1.3km south east of Ferryhill Local Centre, which contains a good array of facilities and services including a library, a nursery school, a post office, two pharmacies and various other shops.

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP), however it is considered to be a suitable site for further housing development. It has been assessed as green (7/FH/335) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the site is a former care home, which is wholly located within the settlement, and its redevelopment would present a positive opportunity for the regeneration of a previously-developed site.

Proposal

The proposal is for the development of 11 council homes in Ferryhill. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.



Affordable Housing Context

Ferryhill has seen a number of Registered providers' build in the area within recent years. The most recent being Lavin who are constructing 60 general need units on the edge of the town. These however are for general need family homes. Therefore in this location older person specialist housing is still in high demand. Therefore it is considered that a modest development of bungalows in this location would be complimentary to affordable housing within the area.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 336 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Clevesferye House, Ferryhill



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 65% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Ferryhill, redevelopment of the site for council housing would be compatible with surrounding land uses. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of 8 bus stops, which mainly lie on either side of Lambton/ Auckland Road to the east of the site and Liden Road and Osbourne Terrace to the south.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant brownfield site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene, not least as it will prevent it from becoming derelict and an eyesore. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain. There is a low risk of surface water flooding on the south east corner of the site (see below map), however this could be mitigated through careful design of the site.



Heritage and Archaeology

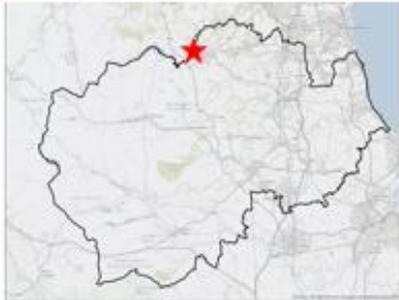
The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

There are no significant landscape or ecology constraints for the site. There are some attractive young mature trees present around the perimeters of the site. These trees are not protected by a tree protection order (TPO), however it is considered that some could and should be retained in the redevelopment of the site.

Appendix 3: Land at Chaytor Road, Bridgehill

Land at Chaytor Road, Bridgehill



Site Overview

The site is located on the north-eastern edge of Bridgehill in Consett. It consists of 1.32ha of brownfield land and is split into two land parcels, which lie to the north and south of Chaytor Road and Valley View.

The site is located within a predominantly residential area with mostly post war semi-detached and terraced properties. It is bordered by housing on Pleasant View to the south and Chaytor Road to the south west. The rest of the site is surrounded by open countryside, which is designated as an area of higher landscape value (AHLV). The site itself is not included within this designation.

Both of the land parcels which make up the site are accessible via Chaytor Road and Valley View. The site also benefits from a reasonable range of services and facilities, approximately 1km to the south east of the site, in Blackhill. This includes two primary schools, two nurseries, a post office and several convenience stores. A wider offering of facilities and services can be found in Shotley Bridge Local Centre, which is located approximately 1.12km north east of the site, as well as in Consett Local Centre, located approximately 2.6km to the south east.

Planning History

The site is previously developed land. It was formerly developed for housing and remained in residential use until 2003, when the housing was demolished and the site was cleared. In March 2005, outline planning permission for residential development was granted (1/2004/1122/20510), however the development was not built out and the site has remained vacant ever since. The site has since become grassed over and currently comprises an area of green amenity space. The southern land parcel is designated as such within the council's Open Space Needs Assessment (OSNA) (2018).

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP), however it is considered as a potentially suitable site for residential development. It has been assessed as suitable (green) (ref. 1/CD/21) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the site offers a logical redevelopment of a cleared housing site, in an existing residential area, and any impacts from its development would be minimal.

Proposal

The proposal is for the development of 36 council homes in Bridgehill. Investment and unlocking this site will help to continue to improve the vitality of the village whilst lacking a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.



Affordable Housing Context

The Bridgehill area of Consett is detached from the main town, and whilst Consett itself has seen an increase in affordable provision, the outlying settlements have not seen the same investment. This area has seen a large number of right to buy and older person housing is in high demand. Therefore a mixed scheme of predominantly older person housing in this sustainable location would help to meet that need.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

The current challenging economic climate and COVID-19 pandemic means there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to

Land at Chaytor Road, Bridgehill



live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Bridgehill, redevelopment of the site for council housing would be compatible with surrounding land uses. The site was previously developed for housing and it seems a logical housing site. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within close proximity to a number of bus stops. There are several located on either side of Pleasant View between 65m and 235m north and north east of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and

sustainable communities. The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant brownfield site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene, not least as it will prevent it from becoming derelict and an eyesore. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both off-site and on-site.

Whilst the River Derwent lies north of the site, the site itself is not located within a flood zone. The site does suffer some localised surface water issues; however, these can be resolved with suitable mitigation measures which ensure the effective management of drainage from the site.



Landscape and Ecology

Policy 39 states that development affecting AHLVs will only be permitted where it consens, and where appropriate enhances, the special qualities of the landscape, unless the benefits of development in that location clearly outweigh the harm. The site lies just outside of the AHLV and is not included within this designation. However, a well-designed council housing scheme has the potential to outweigh any harm that development may have on the setting of the AHLV.

Policy 40 states that proposals for new development will not be permitted that would result in the loss of, or damage to, trees of high landscape, amenity or biodiversity value unless the benefits of the proposal clearly outweigh the harm. An area of ancient woodland lies to the west of the site, however there are no protected trees on the site itself.

Appendix 4: Land at Edison Street, Murton

Land at Edison Street, Murton



Site Overview

The site is well-contained within the centre of Murton, in the east of the County. It comprises 0.37ha of mainly greenfield land, which lies to the south of Edison Street.

The site is currently an area of amenity green space. It is located within a predominantly residential area, with mostly post war semi-detached and terraced properties, which border the site on its eastern, southern and western perimeters. The site is bordered on its northern perimeter by Edison Street, beyond which is a further row of terraced housing.

Planning History

The majority of the site is undeveloped greenfield land. There was previously a very small development on the western edge of the site, however this was cleared in the 1960s and has remained vacant since. Today, the whole site is designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA156).

The site is accessible via Edison Street and lies in close proximity to Murton Local Centre, which contains a good array of facilities and services, including a post office, a bank, two pharmacies and a Co-op Food store. The local centre lies approximately 160m east of the site and is therefore well within walking distance (generally accepted as within 400m) from the site.

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP) and has not been assessed in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). However, it is considered to be a potentially suitable site for further housing development.

Proposal

The proposal is for the development of 10 council homes in Murton. Investment and unlocking this site will help to continue to improve the vitality of the village. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.

Affordable Housing Context

Murton has seen significant investment by Believe Housing recently in respect of general need and older person housing, both in the form of refurbishments and new build. This has gone some way to reflect the need and demand within the locality, how demand is still high with large numbers still on the waiting list and bidding as part of DKO. Historically residents of Murton were forced to look at neighbouring villages to accommodate them in terms of need, however with this infill development this would negate the need for this and residents would be able to be retained within the village they have lived all their lives.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Land at Edison Street, Murton



Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement.

Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Murton, redevelopment of the site for council housing would be compatible with surrounding land uses and should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of 11 bus stops, which mainly lie to the east of the site on either side of Wood's Terrace, which is the main street through Murton Local Centre. Four of the bus stops lie to the west of the site, on either side of Knarsborough Road. The site's central location, within walking distance of Murton local centre, should also encourage journeys on foot.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green

infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant brownfield site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located within a flood plain and there is no evidence of surface water flooding.

Landscape and Ecology

There are no significant landscape or ecology constraints.

Heritage and Archaeology

Policy 44 requires development to sustain the significance of designated and non-designated heritage assets, including any contribution made by their setting. Proposals should also seek opportunities to enhance the built and historic environment. This includes scheduled monuments, listed buildings and historic conservation areas.

The site is not located within a conservation area, however development may affect the setting of the Grade II listed Holy Trinity Parish Church, which lies approximately 320m west of the site. The design of any proposed scheme should take this into consideration and provide mitigation as necessary.



Appendix 5: Land at Greenwood Ave, Burnhope

Land at Greenwood Avenue, Burnhope



Site Overview

The site is an edge of settlement site located on the southern edge of Burnhope in the north west of the County. It consists of 4.22ha of brownfield land which lies east and west of Greenwood Avenue.

The site is located within a predominantly residential area with mostly post war semi-detached and terraced properties. Immediately to the north east of the site is the Keepmoat Homes Meadowfield development, which was completed in the last 10 years and comprises 120 new homes. The site is also bordered by housing on Beech Grove to the north, as well as houses on Langley Lane to the west. The rest of the site is surrounded by open countryside.

Planning History

The site is mainly greenfield land which has been used as a recreation ground for many years. However, there was also originally housing development along Greenwood Avenue. This was demolished and cleared in the late 1990s. In July 2005, outline planning permission for residential development was approved (1/2005/0449/21509), but the development was never built out. The site currently comprises an area of green amenity space, which is designated in the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA2649).

Given the site's previous residential use, it is already highways accessible via Greenwood Avenue. The main village centre of Burnhope is beyond 400m of the site, however it does offer a good mix of goods, services and facilities, including a primary school, community centre, doctor's surgery and a post office. The nearest Local Centre is in Lanchester and is located 2.7km west of the site.

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP), however it is considered as a suitable site for further housing development. It has been assessed as green (1/BR/08) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the site offers the logical redevelopment of a cleared housing site which would consolidate the settlement and improve the appearance of a neglected brownfield site. Development would also enable the improvement of existing recreational open space situated within the site.

Proposal

The proposal is for the development of 40/50 council homes in Burnhope. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.

Affordable Housing Context

The Burnhope area is well placed to serve the settlements of Lanchester, Annfield Plain and Stanley, offer the Authority the chance to develop affordable housing in an area where land is at a premium. Both general needs and older person housing is in high demand with the area. Therefore the size of the site would allow us to develop out a mix of housing types in this location. There has been no new affordable housing in the area for sometime, although the site is surrounded by a mix of existing RP stock and a large number of right to buy. Due to the scale of the site we would look to develop it in partnership creating around 110 units in total.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Greenwood Avenue, Burnhope



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Burnhope, redevelopment of the site for council housing would be compatible with surrounding land uses. The site was previously developed for housing and it seems a logical housing site. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of six bus stops. Two are located on Whitehouse Avenue to the north east of the site, two to the north west of the site, on Langley Lane, and two on Greenwood Lane to the south west of the site.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant brownfield site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene, not least as it will prevent it from becoming derelict and an eyesore. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Landscape and Ecology

The redevelopment of this site offers the opportunity to enhance an area of amenity open space through an appropriately landscaped development, which incorporates appropriate greenspace. Development would also enable the improvement of existing recreational open space situated within the site.

Policy 39 states that proposals for new development will be permitted where they would not cause unacceptable harm to the character, quality or distinctiveness of the landscape, or to important features or views. Proposals will be expected to incorporate appropriate measures to mitigate adverse landscape and visual effects. Structural landscaping adjacent to the site's western and southern boundaries with agricultural land and retention of existing mature trees will be required to adequately mitigate visual impacts.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site.

The site is not located on a flood plain, however there is a low to high risk of surface water flooding on various parts of the site.



Appendix 6: Land at Shieldrow Lane, New Kyo

Land at Shieldrow Lane, New Kyo



Site Overview

The site is located in New Kyo, which lies to the east of Annfield Plain, in the north of the County. It consists of 0.56ha of partially brownfield land which lies south of Shieldrow Lane.

The site is located within a predominantly residential area with mostly post war semi-detached and terraced properties. Neighbouring land uses are a mix of residential and industrial. A row of terraced houses lies directly north of the site, on the opposite side of Shieldrow Lane. Whilst the Morrison Busty Industrial Estate (a designated employment site within Policy 2 of the County Durham Plan) surrounds the site on its eastern, southern and western perimeters.

Planning History

The northern part of the site was developed for housing, known as Morrison Cottages, until it was cleared in the 1970s. The site has remained vacant since and it is now partially designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA420).

The site is accessible via South View which runs along the northern perimeter of the site. It is also in close proximity to Annfield Plain Local Centre, which contains a good array of facilities and services, including a supermarket, a primary school, a community centre and a pharmacy. The local centre lies approximately 485m north west of the site and, whilst this lies beyond the generally accepted 400m walking distance, there is a convenience store located approximately 290m east of the site.

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP) and has not been assessed in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). However, it is considered to be a suitable site for further housing development.

Proposal

The proposal is for the development of 10 council homes in New Kyo. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.

Affordable Housing Context

Annfield Plain has recently seen investment from Karbon Homes who are currently constructing 19 general needs affordable homes in the area. Given Karbon's existing stock in the area coupled with the new build it is considered that affordable general need housing in the area is accommodated. Older persons as is the case across the county is in high demand. This infill site will allow the authority to go some way to meeting that identified specialist need in the area.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Shieldrow Lane, New Kyo



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of eight bus stops, which mainly lie on either side of Shieldrow Lane to the east and west of the site.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant brownfield site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual

amenity of the overall street scene, not least as it will prevent it from becoming derelict and an eyesore. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Residential Amenity

Policy 6 requires development to be compatible with, and not prejudicial to, allocated or permitted uses of adjacent land. The main issue for residential development on this site is the Morrison Busty Industrial Estate, which surrounds it on three sides (as shown in the accompanying aerial imagery). Industrial activity in such close proximity to potential residential uses may cause conflict, due to noise and air pollution.

NPPF paragraph 182 also states that existing businesses and facilities should not have unreasonable restrictions placed on them as a result of development permitted after they were established. Therefore, if it is determined that noise from the neighbouring industrial estate would have a significant adverse impact on the proposed housing, the applicant (the 'agent of change') would be required to provide suitable mitigation before the development has been completed.

Landscape and Ecology

There are no significant landscape or ecology constraints. Whilst the development of the site would result in the loss of a tree belt, which runs along the middle of the site from west to east, these trees are not protected by any form of tree protection order (TPO). Planting may be required along the eastern, southern and western perimeters of the site to screen any potential housing from the surrounding industrial estate.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located within a flood plain and there is no evidence of surface water flooding.



Appendix 7: Land at St Agatha's, Brandon

Land at St Agatha's, Brandon



Site Overview

The site is located on the north eastern edge of Brandon, which is located in the central area of the County. It comprises 1.5ha of brownfield land and lies between Brandon United Football Club to the west and St Agatha's Close to the east.

The site is located within a predominantly residential area. It is surrounded by post-war housing on St Agatha's Close to the east, as well as housing, which has been recently built out, on Church Square to the south. Brandon United Football Club is located to the west of the site and two sets of allotments (Stack Garth and Deerness Heights) lie to the north, beyond which is a wide expanse of open countryside.

Highways access to the site can be achieved from St Agatha's Close to the east of the site. There are some goods and services available in relatively close proximity to the site, including a pharmacy, a convenience store and some hot food takeaways which lie within 400m of the site. A wider offering of goods, facilities and services can be found in Brandon Local Centre which is located approximately 875m south of the site.

Planning History

The site is previously developed land. It was formerly developed for housing and remained in residential use until the late 1970s, when the housing was demolished and the site was cleared.

Strategic Housing Availability Assessment

The site was not allocated for housing within the County Durham Plan (CDP), however it is considered to be a suitable site for further housing development. It has been assessed as suitable (green) (ref. 4/BR/03) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the redevelopment of the site offers the opportunity to consolidate the settlement and improve the appearance of a neglected area of scrubland.

Proposal

The proposal is for the development of 54 council homes in Brandon. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.

Affordable Housing Context

The site is too large for DCC to take forward in isolation, however initial discussion with RPs in operation within the area looking at wider regeneration works would be interested in working in partnership in respect of the scheme.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Land at St Agatha's, Brandon



Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 65% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport, including access to routes for walking, cycling and bus access. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of two bus stops which are located on either side of High Shaws, between 245m and 300m from the site.

Landscape and Ecology

There are no significant landscape or ecology constraints.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of a vacant parcel of scrubland is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Residential Amenity

As the site is located within a largely residential part of Bridgehill, redevelopment of the site for council housing would be compatible with surrounding land uses. The site was previously developed for housing and it seems a logical housing site. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located within a flood plan and there is no evidence of surface water flooding.

Appendix 8: Land North of Portland Avenue, Seaham

Land North of Portland Avenue, Seaham



Site Overview

The site is located on the northern edge of the Deneside area of Seaham, in the east of the county. It comprises 2.2ha of mainly greenfield land and lies between Malvern Crescent to the north and Portland Avenue to the south.

The site is located within a predominantly residential area with mostly post war semi-detached and terraced properties. It currently comprises an area of amenity green space, which was formerly used as a recreation ground. The site is bordered by Oxford Street to the west and Malvern Crescent to the north. Beyond Malvern Crescent is a further area of amenity green space, which was formerly Seaham Colliery. Other neighbouring land uses include residential development, to the east of the site, on Milton Close, as well as on Portland Avenue to the south east of the site. Cedar Court Nursing Home is also located in the south-western corner of the site.

The site is mostly greenfield land, with some brownfield parcels along its western and northern perimeters, on Malvern Crescent and Oxford Street. These sections of the site were previously developed for housing, however were cleared in the late 1990s. Highways access is achievable via Malvern Crescent. There are also a reasonable offering of goods, services and facilities in relatively close proximity to the site, including a primary school, a secondary school, a leisure centre and several shops. A wider offering of facilities and services can be found in Seaham Local Centre, which is located approximately 1.6km east of the site.

Strategic Housing Availability Assessment

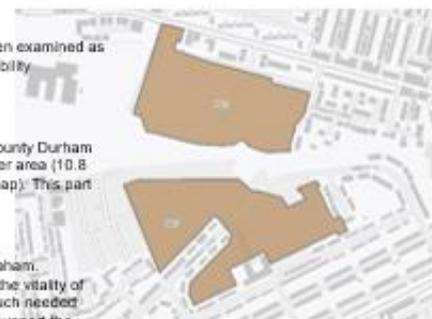
The site has been assessed as suitable (green) (ref. 5/SE/09), when examined as part of a wider area, in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018).

County Durham Plan Allocation

It has also been allocated for housing development within the County Durham Plan (CDP). **Policy 4** of the Plan identifies the site as part of a wider area (10.8 Ha) suitable for the delivery of approximately 335 dwellings (see map). This part of the site would be suitable for approximately 45 houses.

Proposal

The proposal is for the development of 20/30 council homes in Seaham. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed council housing and older person bungalows, whilst continuing to support the population growth in the area.



Affordable Housing Context

Seaham has seen housing investment in a number of locations across the town with the most recent affordable housing scheme by Believe in the Parkside area. This however has not satisfied the demand for older person housing within the area. The town still features heavily on the top ten areas of need and demand. Whilst it is acknowledged that the town has seen approval for a large number of affordable homes, this is over a much longer term delivery period and it is envisaged would cope with incremental demand and the wider East Durham demand.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic

Land North of Portland Avenue, Seaham



growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

The future use of the site is guided by the development plan, in this case the County Durham Plan.

Policy 4 of the Plan sets down a range of specific requirements for this site. Development should:

- Include structural planting along the western boundary;
- Provide new or improved green infrastructure and contribute to coastal access measures to off-set increased recreational pressure resulting from development to satisfy the Habitat Regulations Assessment (HRA);
- The full build-out of the site will be dependent on completion of improvements to the junction of the A19 and the A1018.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 35 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport, including access to routes for walking, cycling and bus access. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within close proximity of two bus stops which are located on either side of Malvern Crescent, between 1m and 10m north of the site. However, improvements to pedestrian routes to the Town Centre would be desirable as the site is separated from this part of the town by the Main Line Railway.

Policy 4 states that the full build out of the site will be dependent on completion of improvements to the junction of the A19 and the A1018, however this relates to the full build out of both allocated land parcels, so should not affect this development alone.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

The new development is likely to fit into the character, form and setting of the settlement. The redevelopment of the site is likely to enhance the character and appearance of surrounding area and have a positive impact on the visual amenity of the overall street scene. Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 29.

Residential Amenity

The site is located within a long established residential part of Seaham. Redevelopment of the site for council housing would be compatible with surrounding land uses, however, sensitive treatment will be required adjacent to the care home, which sits in the south western corner of the site.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain and there is no evidence of surface water flooding.

Landscape and Ecology

The redevelopment of this site offers the opportunity to enhance an area of amenity open space through an appropriately landscaped development, which incorporates appropriate greenspace. The development should include structural planting along the site's western boundary in line with Policy 4.

Policy 42 protects the integrity of internationally designated sites. The Durham Heritage Coast and wider Coastal Zone contains habitats and species protected in the EU Habitats Directive, a European designation aimed at protecting rare and endangered birds and habitats. Policy 42 sets a buffer zone within 6km of the Heritage Coast. Any development within this buffer zone must assess and mitigate any adverse impacts on the habitats and species.

The site is located within the 6km buffer zone. In line with Policy 42, any development proposal within this buffer must assess and mitigate against any negative impacts of development on the protected sites along the coast. The Council is required in its application of the Habitats Regulations, and as the Competent Authority, to determine if an Appropriate Assessment is needed at the point when a planning application is submitted. Planning permission cannot be granted where development requiring appropriate assessment under the Birds or Habitats Directives is being considered, planned or determined.

As outlined in Policy 4, development should also provide new or improved green infrastructure and contribute to mitigation measures to off-set increased recreational pressure on the Heritage Coast resulting from the development. This should be incorporated within any development proposal.

Heritage and Archaeology

Policy 44 requires development to sustain the significance of designated and non-designated heritage assets, including any contribution made by their setting. Proposals should also seek opportunities to enhance the built and historic environment. This includes scheduled monuments, listed buildings and historic conservation areas. The site is not located within a Conservation Area, however development may affect the setting of the Grade 1 listed church of St Mary's and this needs to be reflected in the design of any scheme.

Appendix 9 : Site selection criteria analysis

Site	Need/Demand	Land/Sustainability	RP developments	Access to grants/s106	Regeneration opportunities
North of Portland Avenue, Seaham	Area of high demand (In top 10). Bungalow and smaller units required.	Land forms part of wider Seaham Colliery regeneration site. Site is ready to be developed and in excellent location for access to services and amenities. Existing aging population in direct vicinity.	Site is predominantly surrounded by existing Believe stock. Existing develop of bungalows and general need housing taking place within 1m. This however has all been pre-let and demand is still high. The site is too large for us to deliver in isolation so look to partner with RP.	No direct s106 associated with the site but does have capability of using Council wide options. Access to HE grant and possible other funding from HE as part HE owned site.	Forms part of wider regeneration opportunity at Seaham Colliery. AH on this site would allow for market led on the rest of the site and assist with delivery. If partnering with RP on the rest of the site would allow them to consider refurb of existing stock.
St Agatha's Close, Brandon	Area of high demand (Within top ten). Bungalow units required urgently to meet the demand of this and surrounding area.	Highways access to the site can be achieved from St Agatha's Close. There are some goods and services available, including a pharmacy, a convenience store and some hot food takeaways which lie within 400m of the site. A wider offering of goods, facilities and services can be found in Brandon Local Centre which is located approximately 875m south of the site. The site has had previous interest from Private developers but was considered unviable.	The site is too large for DCC to take forward in isolation, however initial discussion with RP's in operation within the area looking at wider regeneration works would be interested in working in partnership in respect of the scheme.	LRF application has been submitted to the value of c.£250k to assist with delivery. No S106 but can use wider pots. HE funding available.	Offers the opportunity for joined regeneration works with existing RP in the area. Area of open space currently which is unsightly and backs on to res area.
Greenwood Avenue, Burnhope	High demand within this are wider setting. Little land available so this site offers the opportunity of affordable housing in close proximity to area of high need and demand.	The main village centre of Burnhope is beyond 400m of the site, and offers a good mix of goods, services and facilities, including a primary school, community centre, doctor's	There has been no new affordable housing in the area for some time, although the site is surrounded by a mix of existing RP stock and a large number of right to buys. Due to	LRF application has been submitted to the value of c.£800k to assist with delivery. No S106 but can use wider pots. HE funding available.	Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed

		surgery and a post office. The nearest Local Centre is in Lanchester.	the scale of the site we would look to develop it in partnership.		Council housing and older person bungalows, whilst continuing to support the population growth in the area.
Chaytor Road, Bridgehill	The Bridgehill area of Consett is detached from the main town, and whilst Consett itself has seen an increase in affordable provision, the outlining settlements have not seen the same investment. This area has seen a large number of right to buys and older person housing is in high demand. Therefore a mixed scheme of predominantly older person housing in this sustainable location would help to meet that need.	The site benefits from a reasonable range of services and facilities, approximately 1km to the south east of the site, in Blackhill. This includes two primary schools, two nurseries, a post office and several convenience stores. A wider offering of facilities and services can be found in Shotley Bridge Local Centre, which is located approximately 1.12km north east of the site, as well as in Consett Local Centre, located approximately 2.6km to the south east.	Consett itself has seen significant development recently, this has however been predominantly private market led housing. A small number of units were s106, but this has not eased the demand within the area.	LRF application has been submitted to the value of c.£300k to assist with delivery. No S106 but can use wider pots. HE funding available.	Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed Council housing and older person bungalows, whilst continuing to support the population growth in the area.
Edison Street, Murton	Area of high demand and need. Existing stock in direct vicinity in need of upgrade and limited access to bungalow provision.	The site is accessible via Edison Street and lies in close proximity to Murton Local Centre, which contains a good array of facilities and services, including a post office, a bank, two pharmacies and a Co-op Food store. The local centre lies approximately 160m east of the site and is therefore well within walking distance (generally accepted as within 400m) from the site.	Murton has seen significant investment by Believe Housing recently in respect of general need and older person housing, both in the form of refurbishments and new build. This has gone some way to reflect the need and demand within the locality, demand is still high with large numbers still on the waiting list and bidding as part of DKO.	No direct s106 but use of wider pot, access to funding from HE.	. Investment and unlocking this site will help to continue to improve the vitality of the village. It will provide much needed Council housing and older person bungalows, whilst continuing to support the population growth in the area.

<p>Clevesferye House, Ferryhill</p>	<p>Within top ten area of high need and demand. Has seen some development but this area of the town sees larger than average bids in respect of older person accommodation</p>	<p>The site is accessible via Lambton Road which runs along its eastern perimeter. It lies approximately 1.3km south east of Ferryhill Local Centre, which contains a good array of facilities and services including a library, a nursery school, a post office, two pharmacies and various other shops.</p>	<p>Ferryhill has seen a number of Registered providers build in the area within recent years. The most recent being Livin who are constructing 60 general need units on the edge of the town. These however are for general need family homes. Therefore, in this location older person specialist housing is still in high demand. It is therefore considered that a modest development of bungalows in this location would be complimentary to affordable housing within the area.</p>	<p>No direct s106 but use of wider pot, access to funding from HE.</p>	<p>Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed Council housing and older person bungalows, whilst continuing to support the population growth in the area. Disused site adjacent to Ferryhill Leisure centre.</p>
<p>Shieldrow Lane, New Kyo</p>	<p>Area itself in high need and demand and in close proximity to other areas of high need/demand. Older/specialist accommodation bids are very high for more specialist units.</p>	<p>The site is accessible via South View which runs along the northern perimeter of the site. It is also in close proximity to Annfield Plain Local Centre, which contains a good array of facilities and services, including a supermarket, a primary school, a community centre and a pharmacy. The local centre lies approximately 485m north west of the site and, whilst this lies beyond the generally accepted 400m walking distance, there is a convenience store located approximately 290m east of the site.</p>	<p>Annfield Plain has recently seen investment from Karbon Homes who are currently constructing 19 general needs affordable homes in the area. Given Karbon's existing stock in the area coupled with the new build it is considered that affordable general need housing in the area is accommodated. Older persons as is the case across the county is in high demand. This infill site will allow the authority to go some way to meeting that identified specialist need in the area.</p>	<p>No direct s106 but use of wider pot, access to funding from HE.</p>	<p>. Investment and unlocking this site will help to continue to improve the vitality of the village whilst tackling a vacant brownfield site. It will provide much needed Council housing and older person bungalows, whilst continuing to support the population growth in the area. This area of the county has also been selected as part of the Housing Strategy for further interventions.</p>

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Cabinet

10 February 2021

Update on Commercial Headleases

Ordinary Decision



Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Paul Darby, Interim Corporate Director of Resources

Councillor Carl Marshall, Portfolio Holder for Economic Growth

Councillor Alan Napier, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide an update on commercial headleases previously approved by Cabinet under the council's Property Investment Strategy, which is aimed at stimulating and facilitating inward investment, and creating more and better jobs.

Executive summary

- 2 The council's investment in property is part of a wider approach to attracting more and better jobs to the county and ensuring the local economy reaches its full potential, whilst also ensuring commercial objectives are fully considered as part of any assessment for investment.
- 3 Economic regeneration objectives have been at the forefront of all investment decisions taken to date. The investments that have been supported have been seen as strategically important in terms of retaining hundreds of jobs in the county, creating in excess of 1,000 new jobs and identifying new opportunities to bring businesses into the county whilst allowing current county based businesses to grow. At this

time, against the background of the pandemic, this strategy is seen as a vital tool for the council to be able to assist and boost the local economy - stimulating and facilitating inward investment and creating jobs. Without the councils intervention jobs would have been lost and developments would not have proceeded.

- 4 The council proactively targets a number of options to stimulate development in the county with the objective of delivering growth and jobs . This includes business support, skills programmes and successfully bidding for central government and regionally available grants. Through Business Durham, the council provides access to finance including loans to support new premises.
- 5 Over the last ten years, many local authorities have sought to offset the impact of austerity and associated funding reductions through additional income generation, including investment in property for revenue return. Some local authorities have actively pursued investment outside of their local authority boundary.
- 6 Austerity has also had an impact on the help and support that councils are able to utilise in attracting inward investment or retaining jobs in an area. Where local authorities are financially well managed and have a strong balance sheet, they can utilise their strong financial covenant to unlock sites and attract finance to ensure rents are competitive.
- 7 A number of local authorities have generated significant returns, but also taken significant risks as part of their commercial investment programmes. This is particularly the case where local authorities have invested outside of their geographical boundaries – where investments are made on purely commercial grounds.
- 8 On an annual basis as part of the budget setting process, Council approves the Property Investment Strategy. The strategy provides a framework for decision making when purchasing freehold interest in property or taking long term headleases over developments to stimulate and facilitate inward investment and create more and better jobs within County Durham.
- 9 The council’s approach set out in the Property Investment Strategy, is cautious and prudent and does not place a focus on investment purely for financial return, rather aligning the ambition for more and better jobs with proper commercial consideration and due diligence. All investments are required to meet a full and stringent due diligence process, be reported to Cabinet for approval (and transparency), include a robust risk assessment and must be within the county boundary (or at least on the edge and deemed to benefit the county).

They must also be seen to achieve broad economic regeneration objectives wherever possible – principally creating more and better jobs.

- 10 To date the council has not deemed any freehold purchase opportunities as representing value for money and has not invested in freehold at this stage, although a small number of council freehold properties do generate rental income e.g. Northumbria House and Priory House. Any freehold purchases would be very much for financial return whereas the council's clear focus to date has been upon economic regeneration and seeking a reasonable level of return.
- 11 Five headlease arrangements have been approved by Cabinet to date, that support both investment and economic objectives for County Durham. Headlease arrangements involve taking a long term lease with an institutional investor (normally a large pension fund) at an agreed rate per sq metre and then seeking to sub-let the space to other occupiers at a rate in excess of what it pays the developer. In these circumstances, the institutional investor has security of a long term commitment from the council and the council carries the risk and reward from sub-letting the space to third parties at a higher rate.
- 12 The business cases developed in each circumstance provide details of the overall and ft2 rental levels which the council forecasts will be received over the periods of the lease, together with assumptions around rent free periods and other incentives that may be offered and prudent provision for voids. This information is commercially sensitive and Cabinet reports are therefore exempt from publication and considered with the exclusion of the press and public. This is essential in ensuring the council is able to secure the most advantageous terms when the lease is entered into and when any renegotiations take place. All members of the council however have full access to these reports, though they are bound by the confidentiality of its contents and not permitted to disclose information contained within publicly.
- 13 Each one of the proposals seeks to provide new opportunities to either attract or retain businesses in the County providing buildings which are not available within the market presently or are in short supply. Intervening in the market to fill a gap is seen as essential in maximising opportunities for our residents in securing employment. In all cases without the councils intervention these projects and the benefits of the jobs and local wealth creation that they bring would not have been delivered.
- 14 It is forecast that the headlease arrangements entered into by the council will create 1,050 new jobs whilst also retaining 750 jobs in Durham City.

- 15 All of the developments agreed to date were forecast to make the council a financial return over the head lease term (normally 30 – 40 years) and are all still forecast to do so, though this is not the primary aim of these agreements. It is important to understand that these investment arrangements, by their very nature, represent long term commitments and judging any investment at a particular point in time will not provide an accurate picture of either the commercial outcome or the regeneration impact that will be achieved.
- 16 Naturally there are risks and opportunities across a long term lease period and these were assessed as part of the development of each of the business cases and included in the reports to Cabinet.
- 17 To date the council has generated a surplus across the properties for which head leases have been agreed, which has enabled a contribution to the MTFP of £0.250 million, as well as providing for additional business rates income and footfall into Durham city.
- 18 The Milburngate development is expected to create circa 1,000 new jobs, generate additional business rates and council tax revenue, reduce council tax benefit claimants and stimulate further development of the riverside of Durham city. Whilst the pandemic is likely to have a short term impact on the development, the longer term outcomes of the project are expected to provide a financial return for the council.

Recommendations

- 19 It is recommended that Cabinet:
 - (a) note the update on the council's commercial headlease investments;
 - (b) note that any variance from budgeted forecasts will continue to be reported as part of the council's quarterly forecast of outturn reports;
 - (c) note that the Statement of Accounts provides details on an annual basis of Investment Properties held; and
 - (d) note that any future property investments will continue to be reported to Cabinet for approval;

Background

- 20 Over the last ten years in response to unprecedented funding reductions, many local authorities have sought to generate income by investing in property.
- 21 Durham County Council has taken a considered approach to supporting investments that deliver strong economic outcomes for the community. In doing so the council has proactively worked with inward investors and developers to attract them to the county.
- 22 A number of local authorities have generated significant returns, but also taken significant commercial risks which has drawn media and government attention, particularly where these investments have been made for commercial gain outside of the local authorities boundary.
- 23 On an annual basis as part of the budget setting process, Council approves the Property Investment Strategy. The strategy provides a framework for decision making for the council purchasing freehold interest in property or taking long term headleases over developments to stimulate and facilitate inward investment and create more and better jobs within county Durham.
- 24 In accordance with the council's Property Investment Strategy investment opportunities go through a rigorous due diligence process as part of the development of individual business cases. The due diligence process identifies the risks inherent in the investment and seeks to balance these risks alongside the economic benefits generated and the forecast short term and long term financial impacts on any proposed investment. The councils approach seeks to maximise opportunities in respect of job creation and retention whilst being cautious and prudent from a financial perspective.
- 25 All investments are reported to Cabinet for approval. The reports include commercially sensitive information on the rental levels either being paid by tenants or forecasts of the levels of income the council will seek to achieve from a particular agreement. This includes assumptions on rent free periods and other incentives, plus prudent provision for void periods. It is not appropriate for this commercial information to be made available in the public domain as doing so would impact on the level of income that can be secured from tenants and would weaken the council's negotiating position. On that basis the reports are treated as exempt from publication and considered with the exclusion of the press and public. All members of the council however have full access to these reports, though they are bound by the confidentiality of its contents and not permitted to disclose information contained within publicly.

- 26 Cabinet agree that delegated powers are provided to officers in consultation with relevant portfolio holders to finalise commercial arrangements. Once legal arrangements are finalised, construction can begin with the council's headlease payments beginning from practical completion of the development.
- 27 The five headleases agreed to date are as follows:
- (a) Freemans Reach, Durham City – Agreed by Cabinet April 2013;
 - (b) Freemans Reach, Durham City – Agreed by Cabinet October 2013;
 - (c) Drum Industrial Estate, Chester-le-Street – Agreed by Cabinet May 2018;
 - (d) Milburngate Riverside Development, Durham City – Agreed by Cabinet June 2018;
 - (e) Station Place, Newton Aycliffe – Agreed by Cabinet September 2019;
- 28 If expenditure levels or income levels vary significantly from budget this will be detailed in the quarterly forecast of outturn reports to Cabinet and in service forecast of outturn reports to Overview and Scrutiny Committees.

Property Investment Strategy

- 29 The council's current Property Investment Strategy was approved by Council in February 2020 and is attached at Appendix 2. The strategy is primarily aimed at stimulating and facilitating inward investment and creating more and better jobs forming part of a wider approach to support the economy.
- 30 Many authorities have sought to generate additional income wherever possible to protect front line services. Individual authorities have approached investment in property in many ways. A small number have taken significant financial risks in terms of freehold purchases, often outside of their authority boundaries. These types of investments have generated substantial interest from the media and from government due to the size of the commitments.
- 31 The council's approach has been much more measured and prudent. By initially focusing on property or sites which have the potential to create significant economic advantage or assist in the creation of new

businesses, the main priority for the council is not therefore on high return / high risk markets. The Property Investment Strategy is underpinned by a clear governance framework in which decisions are made. Two clear objectives within the strategy being that any investment must be within the county boundary or close enough to have a benefit to the county; and that there should be broader economic benefits wherever possible (inward investment and the creation of more and better jobs).

32 In assessing the viability of a development option and assessing the inherent risks and benefits, a broad range of issues are required to be considered, as detailed in the Property Investment Strategy. The following are examples of issues that must be considered in making any property investment:

- (a) **Location** - the priority of the strategy is to invest in the geographical and administrative boundary of County Durham as this meets the councils key economic regeneration objectives and minimises risk to the Council, in addition to providing wider benefits to the County's economy. This could also include investment opportunities that sit on the periphery of the County boundary, where it is proven that they meet the key councils key objectives;
- (b) **Economic Development** - Opportunities in relation to economic development require careful consideration for any investment, in order to understand the wider benefits to the County. This takes into account relevant factors, including but not limited to inward investment potential, job retention, new job creation and the quality of jobs created;
- (c) **Tenure** - The acquisition of head leases will be considered and fully appraised, although freehold opportunities will also be considered, should appropriate opportunities arise. The strategy prioritises the opportunities for return on investment balancing commercial risk and regeneration benefits against commercial risk.
- (d) **Occupier Lease Length** - The length of lease agreements is a key consideration for any investment decision and the Council will carefully consider the risks associated with potential void levels and the ability to attract good quality tenants at appropriate rental levels. Shorter lease lengths and break clauses further compound this, although this should be reflected in the rental level received.
- (e) **Rental Income** - Rental income will be considered alongside lease length and covenant strength as part of the appraisal. This

will need to take into account cost of voids, rental levels, rent reviews and break clauses.

- (f) **Yield/Return** - Yield will be considered as part of the initial appraisal and will be directly impacted by a number of the other appraisal criteria. This will inform the return anticipated on the investment, which would need to be considered acceptable in order to progress further

- 33 All of these issues are carefully considered and balanced as part of the due diligence process prior to any deal being taken forward. For transparency, the business case underpinning any investment is reported to Cabinet where the scheme is deemed to be viable and where it meets the objectives and criteria within the Property Investment Strategy. These business cases include long term financial forecasts which are based upon a range of prudent assumptions. At the same time risks are identified which can impact upon financial returns over the term of any lease arrangement.

Current Position

- 34 The four headlease arrangements detailed in this report expected to be in place within the next two years are forecast to have an initial annual cost to the council of circa £5.4 million. This cost will be offset by rental income from tenants with the council gaining from any surplus income and bearing the risk of any shortfall over the length of the relevant leases. At the end of the headlease periods, the council has the option to purchase the assets for a nominal sum of £1.
- 35 The scale of these commercial investments is prudent when considered alongside the gross expenditure budget of the council of circa £1.1 billion and bearing in mind the expectation that these investments are anticipated to generate new jobs and income for the council (rental income plus additional business rates and council tax income) over their lease terms.
- 36 If over time expenditure or income levels vary from estimates, then this will be reported into forecast of outturn reports to Cabinet and Overview and Scrutiny.
- 37 The council is required to publish in the Statement of Accounts the rental income generated from investment properties and any movement in the fair value of the council's investment properties. These disclosures are subject to external audit review on an annual basis, alongside their assessment of the Councils arrangements for securing value for money and its overall corporate and financial governance arrangements.

Development Updates

- 38 Freehold purchases tend not to provide new job opportunities but come with a 'sitting tenant'. To date the council has not deemed any freehold purchase opportunities as providing strong regeneration benefits nor providing value for money and none have therefore been entered into. A small number of the Council's freehold properties are rented out to generate rental income e.g. Northumbria House and Priory House. This has created new office accommodation in Durham city, of which there is a shortage, and enabled both Northumbrian Water and Watersons to base significant numbers of staff based in the County. Any freehold purchases would be primarily for financial return whereas the council's clear focus has been upon economic regeneration in addition to a forecast reasonable level of return.
- 39 Five leasehold developments have been reported to and agreed by Cabinet for the council to take on long term headlease arrangements. An update is provided below on the current position on each of these developments.

Freemans Reach

- 40 Cabinet received reports in April 2013 and October 2013 in relation to the opportunity to take a 35 year headlease on two new office developments on the riverside in Durham City at Freemans Reach – located on the former ice rink site. Both National Savings and the Passport Office were seeking to relocate from their current outdated buildings which were then to be demolished and redeveloped.
- 41 The council has a 35 year lease on the development whilst the lease length for the National Savings (start date January 2015) and Passport Office (start date March 2016) is 15 years. The reports to Cabinet referenced the risks associated with the tenant rents being for 15 years, recognising that there was a risk that both organisations could choose at the end of the lease to end their tenancy and move elsewhere.
- 42 It was recognised at that point however that both organisations had a long history in the city with a secure workforce. It was considered that there was a strong likelihood of continuance of the tenancy beyond the initial 15 years. At the same time, it was recognised that if tenancies did end then new tenants would need to be sought.
- 43 In terms of financial performance of the tenancies since 2015 the council is forecasting a surplus has been achieved of over £1 million.
- 44 When the council entered into these headlease arrangements it was recognised that the tenants were 'blue chip' in terms of security of

payment. This security provided the confidence of including the forecast annual surplus income as a saving in the MTFP.

- 45 The initial 15 year lease with National Savings ends in 2030. By that point the council will have accumulated a healthy surplus which can offset risks faced over the remaining period of the lease. The main priority at that point will be to seek to retain the organisation in Durham whilst seeking to continue to generate a reasonable level of rental payment.
- 46 In addition to rental income the council has benefited from 49% of the business rates generated from the two developments. The business rates could have been lost to the city along with the 750 jobs if both organisations had chosen to move away from Durham. Since the developments were built the council has retained business rates of £1.6 million from these developments.

Drum Industrial Estate

- 47 Cabinet approved a report in May 2018 to take a 30 year headlease on an industrial unit development at Drum Industrial Estate, Chester-le-Street. A proportion of the unit was to be pre let on an expected ten year let with proportion developed speculatively. It was forecast that the development would create 50 new jobs.
- 48 This was the first time the council had sought to intervene into the market to stimulate and develop industrial space. It was identified that the county urgently required improvement in modern industrial space to attract and retain jobs in the area. Unfortunately, rental levels have been at levels that have not incentivised developers to invest to date as the returns are considered too low by the market.
- 49 The council becoming involved in the development however ensured that the strength of the council financial covenant could ensure that funding could be secured at lower interest rate levels than the private sector could secure.
- 50 This development at this stage has not progressed as the prospective tenant for the pre let wished to delay making a decision on expansion until there was clarity on the outcome of Brexit. There is still a possibility therefore that this scheme could progress once the terms of post EU exit Trade Deal are understood and assessed by the market.

Milburngate Riverside Development

- 51 Cabinet approved a recommendation in June 2018 for the council to take a 35 year headlease over the redevelopment of the former National Savings and Passport Office site in Durham City. The demolition costs

for the site were significant and it was looking highly unlikely that a viable development could be achieved on site due to the costs associated without the councils intervention. The strength of the council covenant however enabled development funding to be accessed at much lower interest levels than the private sector could otherwise have achieved, resulting in the development meeting viability thresholds.

- 52 This site is strategically important and fundamental to the continuing drive to attract more and jobs to the county and to the continued regeneration of Durham city. The riverside site is a pivotal site within the city and a derelict site in the centre of the city would have been a terrible outcome for the county and potentially impact of the longer-term ambitions of the Council in terms of the redevelopment of the Aykley Heads site.
- 53 The ambitious development of the site was to contain the following:
- (a) Hotel – 92 beds;
 - (b) Cinema – 12,203 sq ft lettable;
 - (c) Leisure – 46,061 sq ft lettable (12 units);
 - (d) Private Residential Rental – 153 units;
 - (e) Office – 59,406 sq ft lettable; and
 - (f) Car Park – 323 Spaces.
- 54 It was forecast that the development would create over 600 short term jobs in terms of construction but most importantly an estimated 1,000 permanent new jobs once fully developed.
- 55 From a financial viewpoint a comprehensive long term financial plan was developed which detailed forecast income flows over 35 years building in prudent levels of starting rent, annual rent uplifts and expected void levels over all elements of the development.
- 56 The June 2018 Cabinet report forecast a surplus for the council over 35 years. In addition, the development was forecast to generate retained business rates and additional council tax for the council of circa £1 million per annum.
- 57 At that time, it was agreed that delegated authority be provided to the relevant Corporate Directors in consultation with relevant Portfolio Holders to finalise the commercial arrangements once a funder had been secured and the costs of construction were finalised.

- 58 The June 2018 Cabinet report fully detailed the risks associated with the development and the assumptions made in developing the financial business case. Also included in the report was a forecast of best and worst case scenarios.
- 59 The commercial scenario modelling did not take into account income estimated to be generated from business rates and council tax over the 35 years - which were expected to exceed £35 million.
- 60 In December 2018 a delegated decision was made to sign the legal agreements to take the headlease over this important development. The forecast financial return had been reduced due in the main to increases in the forecast construction cost. The net annual return to the council is forecast to be stronger in the earlier years of the lease period as it is forecast that the council lease payment will inflate at a higher rate than the council rental income is forecast to inflate across the life of the agreement.
- 61 Practical completion for the building is expected to be March 2022. Unsurprisingly, against the background of the pandemic, demand for tenancies has been slow to date but this is to be expected at this time. It is expected that demand for tenancies will increase over this year, especially as the vaccine is rolled out and the economy starts to recover.
- 62 It is recognised however that the prudent income levels forecast for the development may not be fully achievable - in the short term. It is expected that lower rental levels than originally forecast will need to be accepted in the short term to ensure that the development can thrive over the longer term. It is currently anticipated that short term tenancies are likely to be agreed initially although the final position will not be known until negotiations conclude.
- 63 Updated modelling based on a more pessimistic scenario in terms of occupancy and rental levels achieved still forecast that the development will deliver a surplus in terms of rental yields.
- 64 Again, it is important to note that this forecast does not include annual forecast income of £1 million from retained business rates and from council tax and does not consider the significant regenerational benefits from the development, especially the creation of 1,000 additional jobs.

Station Place

- 65 Cabinet approved a report in September 2019 to take on a headlease on an industrial development which was expected to retain or secure 130 jobs.

- 66 The development is adjacent to the Hitachi factory in Newton Aycliffe and is another example of where rental levels for industrial units are too low for speculative private sector development, limiting the number of new developments coming to the market and resulting in an aging infrastructure for vital growing businesses. The strength of the council financial covenant and its intervention allows this impasse to be resolved.
- 67 Since approval was given, discussions have been ongoing with the developer of the site. At this stage construction tenders have been finalised and funding is secured. The terms of the funding were not as low as was originally forecast in the September 2019 Cabinet report resulting in an small increase increase in forecast annual council rental of £10k per annum. There is significant interest in the site and as such this has given confidence that this increase in rent can be accommodated.
- 68 Based upon the revised funding and income forecasts there is a reasonable level of surplus forecast over the headlease period. In addition, it is forecast that there will be circa £40k of retained business rates from the development and this is not included in the surplus forecasts.
- 69 It is expected that construction will begin development of the site in spring 2021, with practical completion expected in early 2022.

Summary

- 70 The council's exposure to headlease payments from investment properties is limited compared to many other authorities at circa £5.4 million from 2022/23. This exposure should be considered in the context of the council's gross expenditure budget of £1.1 billion per annum and the fact that there are additional business rates and council tax revenues forecast of over £1 million per annum from these developments. Updated modelling shows that all headleases entered into to date are forecast to return a surplus over the life of the agreements.
- 71 All investment decisions taken to date have been underpinned by a clear governance framework. Two clear objectives are set out with the council's Property Investment Strategy: any investment must be either within the county boundary or close enough to have a benefit to the county; and that there should be broader economic benefits wherever possible (inward investment and the creation of more and better jobs)
- 72 It is important that the council continues to robustly stress test all prospective developments. It is also vital that the council does not

overexpose itself to any particular sector whilst also seeking to maximise the financial return for the council against the targets set.

- 73 Once budgets are introduced for each project, monitoring of financial performance will be via Cabinet quarterly forecast of outturn reports and via service specific reports to Scrutiny. If income levels do not meet expected levels, this will need to be considered and reported as part of development of future MTFP's
- 74 In addition, the council is required to publish in the Statement of Accounts a list of all investment properties and the income generated.
- 75 The largest risk faced by the council at this time relates to the Milburngate Riverside development, which will not reach practical completion until March 2022. The securing of tenants for this development will be monitored closely.
- 76 The council's intervention has not only secured the retention of 750 jobs within Durham City and created a net surplus in terms of income and business rates, it has created an environment and market in which it is seen as a proactive council that supports businesses and has prepared the ground work for future regeneration and investment in the form of other developments now taking place including Milburngate phase 2 and the new office development at Sidegate. The alternative would be for the city and indeed in the council having to deal with a derelict 1960's office block in the heart of the world heritage city along with the stigma of losing public sector office jobs due to a lack of any suitable office market in the county. Future developments at Newton Aycliffe and Drum Industrial estate will see more opportunities created throughout the council as the strategy develops more job creation moving forward.

Other useful documents

- Cabinet – April/October 2013 – Freemans Reach Headlease
- Cabinet – May 2018 – Drum Industrial Estate headlease
- Cabinet – June 2018 – Milburngate Headlease
- Cabinet – September 2019 – Station Place Headlease

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Appendix 1: Implications

Legal Implications

The council has entered into a small number of long term headleases for a limited number of sites across the county. All headlease arrangements are carefully considered and subject to appropriate due diligence and risk analysis before being entered into.

Finance

The report provides an update on the financial performance of current headlease arrangements and an update upon headleases where developments are progressing. The report details a deterioration on the forecast return in the Milburngate development resulting from the impact of the pandemic upon demand for and income from rental, but confirms that based on a more pessimistic set of assumptions the development is still forecast to return a surplus over the life of the agreement.

The council's exposure to headlease payments from investment properties is limited compared to many other authorities at circa £5.4 million from 2022/23.

This exposure should be considered in the context of the council's gross expenditure budget of £1.1 billion per annum and the fact that there are additional business rates and council tax revenues forecast of over £1 million per annum from these developments.

Updated modelling shows that all headleases entered into to date are forecast to return a rental surplus over the life of the agreements.

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

Each business case developed details the inherent risks and includes prudent assumptions on rental levels, void assumptions etc. The reports often also detail worst and best case scenarios.

Procurement

None.

Appendix 2: Property Investment Strategy

Purpose

- 1 The purpose of the Property Investment Strategy is to set out the Council's objectives relating to investing in property. It identifies the benefits, risks and approach to acquiring property in order to support the Council's priorities.

Definition of an Investment Property

- 2 This strategy defines an investment property as "an asset acquired by the Council for the purposes of income generation and profit creation", in line with the definition in the Statutory Guidance issued under Section 15(1)(a) of the Local Government Act 2003. Through the acquisition there may be secondary benefits achieved, such as new jobs created or existing jobs safeguarded. However, the primary purpose of the acquisition as an investment will be to provide a source of income to the Council.

Introduction

- 3 Over the past five years local authority investment within the commercial property market has grown, due to the return on investment opportunities presented by this market segment. As a result of the changing nature of budgets in local government, the Council is looking towards this market to support its overall priorities.
- 4 To ensure that investment decisions fit with the Council's requirements, this strategy has been prepared to set out the investment framework and policy to apply to the acquisition of commercial property investments. This will ensure that any opportunities considered are evaluated against agreed criteria and the risks and returns associated with these investments are fully appraised.
- 4 The overall aim of the strategy is to create a framework that ensures that all relevant issues are considered when the Council analyses a property investment opportunity. The Council will need to balance commercial risks against the opportunity to delivering term, sustainable revenue streams for the Council, together with potential for capital growth from investments. Investments could also help to generate economic growth and secure or protect jobs. The objectives of this strategy will ensure acquisition, management and returns relating to

investments made continue to deliver against the Council's priorities throughout their lifespan.

- 6 Set against key objectives the strategy will not only cover the income opportunities for the Council, but also the wider regeneration benefits that will be delivered, particularly in relation to acquisitions within the County boundary.

Objectives

- 7 The key objectives of the Property Investment Strategy are to acquire property that achieves the following:
 - (a) delivers a sustainable revenue stream;
 - (b) contributes towards a balanced investment portfolio;
 - (c) protects existing capital value or delivers capital growth opportunities, as the market dictates;
 - (d) maximises income within the agreed acceptable risk levels.

Investment Proposal

- 8 The Council have already taken opportunities to invest in property located within the County, where this decision has met the wider council objectives. This consists of surplus freehold Council properties, that have been converted to successful commercial lets and leasehold properties sublet for income generation and to support regeneration.
- 9 Examples include the surplus Priory House now leased to Northumbria Water and the Council taking the head lease at Freemans Reach to support the retention of civil service jobs in Durham. Investment properties are defined separately for accounting purposes and will be identified as such within the asset register. Annex 1 provides a list of current properties held by the Council for investment purposes, which provide a rental income of approximately £390,000 per annum. This level of income is comparably small when compared with council gross expenditure of almost £900 million.
- 10 This strategy forms the next stage in expanding investment opportunities into the wider commercial market. The Council proposes to acquire investment interests in property, including the acquisition of head leases benefitting from the security of tenure the Council covenant can provide to investment institutions and developers. However

freehold opportunities are not to be discounted at this stage, to provide the Council with flexibility should appropriate opportunities arise.

Investment Criteria

- 11 In order to assess whether an investment meets the objectives set out in the strategy, clear criteria have been established that forms the basis of an initial appraisal. These are set out in Table 1 below:

Table 1 - Investment Criteria

A. Location	The priority of the strategy is to invest in the geographical and administrative boundary of County Durham as this meets the key objectives and minimises risk to the Council, in addition to providing wider benefits to the County's economy. This could also include investment opportunities that sit on the periphery of the County boundary, where it is proven that they meet the key objectives.
B. Economic Development	Opportunities in relation to economic development require consideration for any investment, in order to understand the wider benefits to the County. This should take into account relevant factors, including but not limited to inward investment potential, job creation and the quality of jobs created.
C. Sector	<p>The consideration of sectors will be specific to each investment opportunity and will need to be appraised as such. Market performance, growth, alignment with key partners and supply and demand within sectors will need to be considered in terms of location within County Durham.</p> <p>To ensure an appropriate risk profile is achieved investments should be cross sector to enable diversification of risk and a spread across sectors. This will prevent over exposure in specific sectors.</p>
D. Tenure	The acquisition of head leases will be considered and fully appraised, although freehold opportunities will also be considered, should appropriate opportunities arise. The strategy will prioritise the opportunities for return on investment balancing commercial risk and regeneration benefits against commercial risk.

<p>E. Tenant Performance</p>	<p>Head lease and freehold options would result in the Council subletting in order to raise income. The initial appraisal will need to review the quality of tenants and the ability to observe rental commitments. This tenant risk profiling exercise is essential as it directly affects the risk profile of the investment.</p> <p>Full legal and financial due diligence will be required as part of the appraisal process. In addition, the activities undertaken by the tenant will need to be reviewed by the Council to ensure they are considered appropriate for public investment.</p>
<p>F. Occupier's Lease Length</p>	<p>The length of lease agreements is a key consideration for any investment decision and the Council will need to consider the risks associated with potential void levels and the ability to attract good quality tenants at appropriate rental levels. Shorter lease lengths and break clauses further compound this, although this should be reflected in the rental level received.</p> <p>In terms of risk profile the principle of the longer the lease the more secure the investment applies. However, this should consider break options that may exist in the agreement, alongside the financial status of the tenant.</p>
<p>G. Rental Income</p>	<p>Rental income will be considered alongside lease length and covenant strength as part of the appraisal. This will need to take into account cost of voids, rental levels, rent reviews and break clauses.</p>
<p>H. Building Quality</p>	<p>Consideration of the building age and specification is a deciding factor in any investment as it can determine the lifespan, condition and capital expenditure levels required to ensure it remains available for let. An initial appraisal of this will be completed to consider the quality of the building against the proposed length of the Council's tenure.</p> <p>In addition, any acquisition of new build will need to consider the track record of the developer and main contractor, together with the security of warranties and contractual arrangements.</p>

I. Repairing Obligations	Leases in the market can vary in terms of the repairing responsibilities that the landlord retains. In terms of initial appraisal, lease terms that transfer the repairing obligation to the tenant are more favourable, than those that require the landlord take more responsibility.
J. Yield / Return	Yield will be considered as part of the initial appraisal and will be directly impacted by a number of the other appraisal criteria. This will inform the return anticipated on the investment, which would need to be considered acceptable in order to progress further.

Governance Arrangements

- 12 All investment opportunities will need to be subject to an initial appraisal. The initial appraisal will be carried out at officer level and if considered appropriate will be then progress to a full business case. The business case will set out the detailed due diligence work, risk assessment and confirm that the investment meets the key objectives in order to establish the suitability of the investment. In some cases, the appointment of an external investment advisers may be required, where additional advice is necessary.
- 13 The completed full business case will need to be submitted to the Market Opportunities Board for approval. The current constitution requires that decisions on investment will then need to go to Cabinet for approval. However due to the fast paced nature of the investment process delegated powers may need to be utilised on occasion with full consultation with Portfolio Holders. All acquisitions will be subject to a building survey, valuation and completed business case.

Management Arrangements

- 14 All investment properties held by the Council will be subject to appropriate management, monitoring and review throughout the financial year. This will include an annual review of performance, of individual investments and the portfolio as a whole. Active management of the portfolio on a day to day basis will be undertaken by the council's Corporate Property and Land and Finance Teams, in line with the proposed Corporate Landlord model.
15. If an investment is considered to be underperforming, or no longer meets the key objectives then an exit strategy will be prepared.

Annex 1 – Existing Investment Properties

UPRN	Asset Name	Acquired by DCC	DCC Tenure
50621S01	Durham Wearside House (National Savings)	28/01/15	Leasehold
50658S01	Durham Freemans Reach (Passport Office)	18/03/16	Leasehold
50659S01	Durham Freemans Reach Kiosk	18/03/16	Leasehold
50660S01	Durham Freemans Reach Hydro-Turbine	28/01/15	Leasehold
3372S01	Northumbria House, Aykley Heads, Durham	Transferred to investment 01/11/14	Freehold
3230S01	Priory House, Pity Me, Durham	Transferred to investment 04/07/16	Freehold