



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 15 September 2021**. The decisions will come into force and may be implemented from **Monday 27 September 2021** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

County Durham Plan: Minerals and Waste Development Plan Document [Key Decision: REG/04/21]

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on the Minerals and Waste Policies and Allocations Development Plan Document which supports the recently adopted County Durham Plan.

The recently adopted County Durham Plan seeks to ensure that County Durham is a successful place to live, work, invest and visit by focussing on supporting and creating vibrant communities. The Plan is a comprehensive document covering all aspects of planning however it only includes strategic policies and allocations relating to minerals and waste. There is therefore a need to supplement those policies with more detailed development management policies and non-strategic site allocations in a Minerals and Waste Policies and Allocations Development Plan Document (M&WDPD). This requires a number of rounds of consultation and once agreed by Full Council will be submitted for an Examination in Public by an independent Inspector. Once adopted it will replace the saved policies currently being used from the Minerals Local Plan (2000) and Waste Local Plan (2005).

Decision

The Cabinet agreed the draft Minerals and Waste Policies and Allocations Development Plan Document for consultation from 24 September to 5 November 2021.

NETPark Phase 3 Development Funding

[Key Decision: REG/05/2021]

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought agreement to finance the development of a third phase of NETPark, the north east's premier science and technology park, with up to 270,000 sq. ft. of new space, together with authorising the next stage of the programme, to appoint a design and build delivery partner.

The Council Vision for County Durham 2019 - 2035 includes the ambition "to create more and better jobs". The development of strategic sites such as NETPark is key to this broader ambition.

Developed by Durham County Council and occupied by significant private sector employers, NETPark (The North East Technology Park) is the region's only science park and currently home to 40 companies, including Kromek, Filtronic, IBEX Innovations and Polyphotonix and support by Durham University. The site also employs over 600 people in specialist sectors.

The Council previously agreed to both retain ownership of NETPark and to enter into a partnership agreement with Clear Futures, a procurement vehicle for public sector bodies, as a test pilot, to accelerate the development of NETPark Phase 3, as there was insufficient capacity and capability in-house to take on a project of this scale. Clear Futures, utilising Robertson Construction and Ryder Architecture, is able to create a design and build partnering arrangement that allows the Council to retain creative and leadership control and provide additional resources capable of supporting a cost-effective building programme for the development of NETPark Phase 3.

NETPark Phase 3 is owned by the Council and is some 26ha in total with 13ha of serviced land now available, this has also been supported by a £5.1 million infrastructure investment led by the Council and supported by the North East LEP.

The Council has an initial cost plan of three options for a scheme to develop up to 270,000 sq. ft of new laboratory, office, production and storage space, based on demand from existing NETPark tenants and potential further inward investment to the site.

The report considers the three development options:

- Option 1a based on a single build unphased programme of two years;
- Option 1b based on a phased building programme up to five years; and
- Option 2 based on a unphased building programme but including a multi-story car park (MSCP).

A procurement options appraisal will be undertaken and completed by September 2021, to identify a suitable construction partner based on the preferred Option 1a of a single build unphased programme of two years at an estimated cost of £49.6 million.

The procurement options appraisal will review public sector accessible construction frameworks including but not limited to NEPO, Crown Commercial Services (CCS) and SCAPE, in addition to the Clear Futures option to determine the most suitable procurement route for the appointment of the design and build partner.

Developing NETPark Phase 3 would help achieve key targets of the Council Plan including the creation of up to 1,250 skilled jobs adding over £625 million GVA (Gross Value Added) to the County Durham economy. A typical business taking space on NETPark Phase 3 would provide a broad range of job opportunities including scientists, technicians, administration, accounting, marketing, IT and logistics.

A long-term financial model has been fully appraised and has identified that the £49.6 million initial capital investment can be financed by the Council from future income streams from the rental of the new units over a 35-year period.

Decision

The Cabinet:

- following consideration of the corresponding private report, agreed to progress the development of NETPark Phase 3 at a forecast capital investment of £49.6 million on a self-financing basis with the peak revenue shortfall in year 2 to be met from the Commercial Reserve; and
- delegated authority to the Corporate Director of Regeneration Economy and Growth and Corporate Director of Resources in consultation with the Portfolio Holder for Resources, Investment and Assets and Portfolio Holder for Finance to agree the final build contract value to ensure that the development can be self-financing.

Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021 and Update on Progress towards achieving MTFP(11) savings

Summary

The Cabinet considered a report of the Interim Corporate Director of Resources which provided Cabinet with information on the:

- forecast revenue and capital outturn for 2021/22, based on the position to 30 June 2021;
- forecast for the council tax and business rates collection fund position at 31 March 2022, based on the position to 30 June 2021; and
- forecast use of and contributions to earmarked, cash limit and general reserves in 2021/22 and the estimated balances to be held at 31 March 2022.

The report sought approval of the revised capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided Cabinet with an update on progress towards achieving MTFP(12) savings in 2021/22.

Since the outbreak of COVID-19 last year, the council, its partners, local businesses and local communities have together been working tirelessly to respond to the pandemic and to put plans in place for the restoration and recovery of services post-pandemic. COVID-19 had a significant and complex financial impact in 2020/21 which has continued into 2021/22. This makes forecasting the council's outturn position even more challenging than usual. In addition to the financial uncertainty during 2021/22, the longer term financial impact of the pandemic beyond this year is also unknown at this stage. The risk in this regard will be considered and assessed in future MTFP(12) Cabinet reports.

Since the outbreak of COVID-19, the council has had to implement national support schemes at short notice such as the Business Rates Grants Support Scheme(s); the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; Covid Local Support Scheme; Infection Control Schemes and Contain Outbreak Management Schemes. In addition the council has implemented a range of supplier relief schemes and addressed increased demand for support to vulnerable households whilst trying to accommodate new ways of working itself in response to the pandemic. The national lockdown periods and post pandemic recovery continues to dominate the council's financial outlook, which makes accurately forecasting the outturn position for 2021/22 difficult.

At this stage of the year it is forecast that there will be a small net surplus on council tax and business rate collection funds, after taking into account Section 31 grant receivable, due to continuation of business rate reliefs relating to the pandemic. This situation will be kept under close review throughout the year especially in relation to collection rates as the public and businesses recover from the impact of the pandemic.

The government has provided a further tranche of non-ringfenced funding to local authorities in the current year for the additional costs incurred as a result of COVID-19. The funding allocated to the council for 2021/22 is £15.56 million.

In addition, the government has extended the Income Guarantee Scheme for three months to 30 June 2021. This scheme requires local authorities to bear the first 5% of any qualifying income loss after which the government will provide a grant for 75% of subsequent losses. It is estimated that the council will be able to claim circa £1.6 million from the scheme for 2021/22.

It is forecast that service groupings will overspend by a net £14.522 million. This overspend position mainly arises from additional expenditure and loss of income which are outside the cash limit associated with the COVID-19 outbreak of £21.261 million, offset by COVID-19 related underspends (relating to closure of facilities and disruption to normal service activity as a result of the pandemic) of £7.771 million. The forecast residual cash limit position is a £1.032 million overspend.

The forecast overspend in service grouping cash limits is offset by the forecast circa £17.2 million the council expects to receive from the government to cover the financial impact of the pandemic. Overall it is estimated that the council's 2021/22 budget will be underspent by £5.276 million, representing 1.12% of the net expenditure budget of £470.515 million.

The forecasts included in this report are subject to significant uncertainty. There are a wide range of assumptions that have been made in relation to expenditure and income over the remainder of the financial year, with significant uncertainty regarding the long term impact of COVID-19 restrictions which have only recently been lifted.

There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that will have as yet unquantified financial pressures. The Cash Limit and General Reserves will potentially be required to meet any shortfall that ultimately arises.

In terms of service grouping cash limits, the projected revenue outturn is a forecast cash limit overspend of £1.032 million (0.22%). The cash limit position excludes any COVID-19 related issues which are considered to be

outside of the control of service groupings and have been managed corporately.

The costs associated with COVID-19 have been offset against government grant support provided.

Within the service grouping cash limits there is a forecast overspend in Children and Young People's Services of £4.754 million and a forecast underspend of £3.886 million in Adult and Health Services. Consideration is being given to whether a permanent budget transfer should be considered between these two service groupings.

In terms of sums outside the cash limit, there is a forecast underspend of £6.308 million. This position will be kept under careful review, especially in relation to the possibility of additional costs and loss of income linked to the ongoing impact of COVID-19.

Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £47.077 million in 2021/22, from £245.532 million to £198.455 million.

The forecast cash limit and general reserves position is a prudent one given the significant financial uncertainties facing local government beyond 2021/22. The MTFP(12) report to Cabinet on 7 July 2021 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £43.7 million over the 2022/23 to 2025/26 period, with the delivery of further savings becoming ever more challenging to achieve.

The projected capital outturn this year is £199.218 million, with the capital budgets having been augmented with reprofiled budget from underspending against the 2020/21 capital programme.

To the end of quarter one, the council has delivered savings totalling £3.931 million, which is 74% of the £5.312 million target for the year. By 31 March 2022, since 2011, the council will have delivered over £246 million in savings in order to balance its budgets.

Decision

The Cabinet:

- (a) noted the council's overall financial position for 2021/22 and the uncertainty associated with the outturn forecast resulting from the continuing impact of COVID-19 as set out in the report;
- (b) noted the review being undertaken of base budgets for Children and Young People's Services and Adult and Health Services in light of the respective in year forecast overspend and underspend positions;

- (c) agreed the proposed 'sums outside the cash limit' for approval as set out in the report;
- (d) agreed the revenue and capital budget adjustments outlined in the report;
- (e) noted the forecast use of earmarked reserves in year;
- (f) noted the forecast end of year position for the cash limit and general reserves;
- (g) noted the additional costs and income loss faced as a result of COVID-19 which is offset by additional grant funding provided by government;
- (h) noted the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (i) noted the amount of savings delivered during the first quarter of 2021/22 and the total savings that will have been delivered since 2011.

Maintained Schools Budget Plans and Permission to Set Deficit Budgets 2021/22

Summary

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Interim Corporate Director of Resources which provided an overview of maintained schools' initial budget plans for 2021/22, as agreed by the relevant Governing Bodies. The report highlighted where the Corporate Director of Resources (Interim) has exercised his judgement in terms of approving the setting of deficit budgets, in accordance with the Council's constitution and the Scheme of Financing for Schools. The report also included details of changes to sparsity funding for the 2022/23 funding formula and a consultation about the future of locally set funding formulas, which is currently considered via the Schools Forum.

Schools carry forward under and overspends against their budgets as part of their retained balances. This is a concern for the council, because deficit balances could become a cost to the council if a school closes or converts and becomes a sponsored academy.

At the end of 2020/21 the net balances carried forward by maintained schools were £30.087 million, an increase of £11.831 million during the year. This was a significant underspend compared to schools' initial budget plans, which envisaged a £7.624 million reduction in reserves to fund planned expenditure in year (based on the schools that are still maintained and setting a budget for 2021/22). The outturn position was significantly different therefore to what these schools had planned and forecast, with the outturn position being affected by the pandemic.

The initial budget plans submitted by schools for 2021/22 again sees a significant forecast use of schools' reserves to balance individual budgets in year. Plans agreed by individual governing bodies show that schools are currently planning to utilise £7.752 million of their retained balances in 2021/22, reducing the forecast schools' balances as at 31 March 2022 to £22.335 million.

The continuing pandemic and the need for schools to help pupils to catch up following a year of disrupted education means that there is significant uncertainty about what schools will need to spend during the current year. This will be monitored closely and updated forecasts will be presented to Cabinet as part of the quarterly forecast of outturn reports.

Six schools had deficit balances at 31 March 2021. The initial budget plans for four of these schools has resulted in the Corporate Director of Resources having to exercise his judgement in terms of approving the setting of deficit budgets, in accordance with the Council's constitution and the Scheme of Financing for Schools. The other two schools have been able to balance their budgets in 2021/22.

The approved accumulated deficits of the schools that have set a deficit budget in 2021/22 is £3.710 million.

One of the schools that has had a licensed deficit approved is due to convert to be sponsored by a Multi-Academy Trust in September, as part of the Roman Catholic Diocese academisation plans. The licensed deficit at the point of conversion will be written off and charged against the Schools Reserve, which had a balance of £3.357 million at 1 April, 2021, having been utilised to write of deficits totalling £4.720 million last year.

The main source of funding for mainstream primary and secondary schools is the funding formula and more information is provided about this in Appendix 2, including changes to sparsity funding for the 2022/23 funding formula and a consultation about the future of locally set funding formulas. This will be considered in consultation with the Schools Forum and all schools and implications factored into the local formula proposals for 2022/23 that Cabinet will consider later this year.

Decision

The Cabinet:

- a) noted the contents of the report;
- b) noted the action taken under delegated powers by the Corporate Director of Resources (Interim) to approve licensed deficits for four schools in 2021/22; and

- c) noted the proposed changes to sparsity funding for the 2022/23 funding formula and the current consultation about the future of locally set funding formulas – the outcome of which will be reported to Cabinet in December.

A Patient Group Direction Policy for Durham County Council

Summary

The Cabinet considered a report of the Director of Public Health which reviewed the contents of the Patient Group Direction (PGD) Policy attached to the report. Some services commissioned by Public Health supply medication to service users as part of the service, using a PGD. The Council is required to have in place a PGD Policy to support this process.

Decision

The Cabinet:

- a) noted the contents of the report and the PGD Policy and the good practice that this policy applies;
- b) agreed to adopt the PGD Policy.

The Cabinet resolved to exclude the press and public by virtue of paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 during discussions on agenda item 13.

NETPark Phase 3 Development Funding [Key Decision: REG/05/21]

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought agreement to finance the development of a third phase of NETPark, together with authorising the next stage of the programme, to appoint a design and build delivery partner. The report supplemented agenda item 5.

Decision

The Cabinet agreed the recommendations outlined in the report.

Helen Lynch
Head of Legal & Democratic Services
17 September 2021