



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 13 October 2021**. The decisions will come into force and may be implemented from **Monday 25 October 2021** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan(12), 2022/23 – 2025/26 **Key Decision No. CORP/R/21/02**

Summary

The Cabinet considered a report of the Interim Corporate Director of Resources which provided an update on the current forecast position for the 2022/23 budget and the Medium Term Financial Plan (MTFP(12), 2022/23 to 2025/26, which factor in working assumptions in terms of Council Tax increases. Final budget setting and Council Tax increase proposals will be considered by Full Council on 23 February 2022.

Local government continues to operate in a period of significant financial uncertainty brought about by a series of one-year financial settlements, significant budget pressures in social care, special educational needs, disability services and other unfunded pressures arising from demographic and pay and price inflation. Forecasting the likely ongoing impact of COVID-19 upon the council's expenditure, income and government funding levels adds a further layer of complexity and uncertainty.

Unless additional government funding is provided in the upcoming Comprehensive Spending Review (CSR), the financial outlook for the sector will continue to be extremely challenging for the foreseeable future, even more so in County Durham due to the inequities of the Council Tax system which make self-funding local service delivery pressures from council tax revenues generated alone impossible.

There continues to be significant uncertainty in terms of the financial settlement for local government and how the available funding will be shared between local authorities through the funding formula from next year. The government has announced that the upcoming CSR will be published on 27 October 2021 and that the CSR will cover the three-year period 2022/23 to 2024/25. Government is already indicating that there will be tough choices in relation to investment in public services, particularly in light of the huge budget deficit forecast the country faces as a result of COVID-19 and the ongoing impact of Brexit upon the economy.

It is expected that the outcome of the Fair Funding Review (FFR), including the move to 75% Business Rate Retention will be delayed with no expectation of implementation until at least 2023/24. This adds a further layer of uncertainty and complexity to our medium term financial planning.

A significant added uncertainty at this stage is the impact of the introduction of the Health and Social Care levy and the upcoming Social Care White Paper. This will have a significant impact upon government grant, council expenditure and council income. It is hoped that the CSR will provide clarity in this regard but the impact upon the council will be significant, with a risk of the council facing additional financial pressures arising from these reforms. It is uncertain at this stage whether these reforms will include additional Council Tax raising powers through further Adult Social Care precept raising powers beyond the flexibility provided in 2021/22 and 2022/23.

The lack of clarity in relation to the CSR, the FFR and social care at this stage is exacerbated by uncertainties in relation to future council tax referendum levels, future funding of the Improved Better Care Fund, short term funding provided to local authorities in 2021/22 for adult and children social care pressures, funding for the High Needs Special Educational Needs Dedicated Schools Grant and the ongoing impact of the pandemic upon council expenditure and income.

This level of uncertainty is making financial planning extremely difficult and requires the council to be flexible and adaptable as it considers setting the 2022/23 budget and the medium term financial plan 2022/23 to 2025/26. Financial planning within the council will ensure that the council is well placed to react effectively to any outcome, however planning with this level of uncertainty is not conducive to effective long-term decision making.

Planning at this stage remains on the basis that the council will lose a further £16 million of government funding over a five-year transition period as a result of the outcome of the CSR and the forecast FFR implementation in 2023/24.

This position primarily reflects ongoing concerns regarding the expected utilisation of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant which would result in a loss of £18 million of funding. It has been assumed that the £17.6 million of one-off funding received in 2021/22 for Adult and Children's social care pressures will continue a recurrent basis.

At this stage no assumption has been made in relation to the financial impact upon the council of the Health and Social Care levy and the attendant Social Care Command Paper. The impact will need to be fully assessed once the CSR is published and the detail of the white paper are known. The cost of the increases to employer's national insurance for the council have however been factored into the forecasts, offset by receipt of Government grant, in line with the announcements made on 7 September 2021.

The forecasts still factor in an assumed annual increase in Council Tax of 1.99% and that in 2022/23 a further 2% Adult Social Care precept will be applied, taking up the balance of the 3% tax raising capacity through this precept that was provided across 2021/22 and 2022/23. Final proposals on council tax increases for 2023/23 will need to be considered and approved at Full Council on 23 February 2022. The forecast increases factored into the MTFP12 model at this stage are in line with Government expectations and are key components of the Governments spending power calculations.

No long-term financial impacts from COVID-19, other than a short-term depression in tax base increases, has yet to be factored into our forecasts. This applies to both any increased cost pressures (we continue to experience budget pressures in waste management because of waste tonnages collected not yet returning to pre-covid levels for example) and loss of income (we continue to face reduced income from use of leisure and cultural assets for instance). This position will be kept under continual review and assumptions will be amended if it becomes apparent that there will be a financial impact in 2022/23.

In line with previous practice and further to the initial update report provided in July, the MTFP financial forecasts have been reviewed. The updated position includes a range of budget pressures that were not factored into the previous report and revised assumptions on the council's resource base.

The updated forecasts contained in this report indicate that savings of £47.156 million will now be needed to balance the budget over the 2022/23 to 2025/26 period – this is a net increase of circa £2 million compared to the position reported previously. Savings are forecast to be required in all years of MTFP(12) as unavoidable budget pressures and the impact of funding reductions continue to outstrip the council's ability to generate additional income from business rates and council tax.

The council suffers from low house values and therefore a low tax base and low tax raising capacity as a result. Annual pay and price inflation alone outstrips the additional revenues that can be generated from annual council tax increases in line with the referendum limits imposed by government.

The achievement of an additional £47.156 million of savings over the next four years will undoubtedly be extremely challenging – more so given the level of savings already made. The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions and by generating additional income. The opportunity for further savings in these areas is becoming much more difficult after the delivery of £247 million of savings up to 31 March 2022.

The total savings required at this stage for 2022/23 to balance the budget amount to £7.344 million. A sum of £1.502 million of savings already agreed in MTFP(11) are available in 2022/23. This leaves a savings shortfall at this stage of £5.842 million to balance the budget next year and £45.654 million in total across the next four years.

Additional savings plans are being developed to enable the council to be able to react to the outcome of the 2022/23 local government finance settlement, which is expected to be announced in December 2021 being very much influenced by the CSR to be published later this month. If required, the council can utilise the Budget Support Reserve (BSR) to assist in balancing the budget in 2022/23. The current balance on the BSR, after utilising £3.778 million to balance the 2021/22 budget, is £12.6 million.

To enable the council to be able to set a balanced budget for 2022/23, a range of options will need to be considered including additional savings and utilisation of the BSR. The level of savings shortfall will be influenced by the local government settlement and the ongoing impact of emerging base budget pressures. Careful consideration of any ongoing financial impacts for the pandemic will need to be considered further in future reports.

A base budget review across Adult and Health Services (AHS) and Children and Young People's Services (CYPS) has been concluded, with proposals outlined in the report to permanently transfer £4.5 million of budget from AHS to CYPS to help offset spending pressures in the children's looked after placement budgets and alleviate the need for further growth to be included in the MTFP forecasts next year.

Based on the best practice that has developed over previous consultations, consultation will take place using the existing County Durham Partnership networks during October and November. The primary focus of the consultation will be on the 14 AAP Boards who will be asked to comment on the overall approach set out in this report.

Decision

The Cabinet:

- (a) agreed to the in-year transfer of £4.5 million of revenue budget from Adult and Health Services to Children and Young Peoples Services, with this transfer being built into the base budget for 2021/22 onwards;
- (b) noted that at this stage no long-term financial impact from the pandemic have been factored into the financial forecasts, but that this position will be kept under review;
- (c) noted the requirement for savings of £47.156 million for the period 2022/23 to 2025/26;
- (d) noted the £1.502 million of savings for 2022/23 previously agreed in MTFP(11);
- (e) noted that there is a forecast £45.654 million savings shortfall across MTFP(12), although this forecast could change significantly based upon outcomes of the Comprehensive Spending Review, the local government finance settlement and after addressing future base budget pressures being faced by the council especially resulting from COVID-19;
- (f) noted the additional uncertainty introduced by government announcements in relation to the Health and Social Care levy and the upcoming Social Care white paper;
- (g) noted that in addition to the already agreed £1.502 million of savings further savings of £5.842 million are forecast to be required to balance the 2022/23 budget; and
- (h) agreed the approach outlined for consultation on the 2022/23 budget and MTFP(12);

Local Cycling and Walking Infrastructure Plans

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval from Cabinet to formally adopt the first three Local Cycling and Walking Infrastructure Plans (LCWIPs) for Chester-le-Street, Durham City and Newton Aycliffe.

The previously adopted County Durham's Strategic Cycling and Walking Delivery Plan 2019-2029 sets out the Council's commitment to produce Local Infrastructure plans in 12 main towns.

Local Cycling and Walking Infrastructure Plans (LCWIPs) are an evidence-based strategic approach to identifying cycling and walking improvements required to facilitate increased active travel for everyday journeys. The Government's Cycling and Walking Investment Strategy (2017) recommends that local authorities prepare LCWIPs and County Durham's Strategic Cycling and Walking Delivery Plan 2019-2029 sets out the Council's commitment to producing the plans.

LCWIPs represent a robust approach for prioritising investment in walking and cycling infrastructure in the short, medium and long term, and support the County Council with making the case for future funding, particularly as the Government is prioritising funding for those authorities which have developed such plans. LCWIPs for Chester-le-Street, Durham City and Newton Aycliffe are the first of 12 which the Council has committed to producing in the County Council's Strategic Cycling and Walking Delivery Plan (SCWDP).

LCWIPs form an important part of the overall work the Council are doing to encourage active travel. Across the County, the Council is delivering on many infrastructure schemes, projects, campaigns and initiatives to enable and encourage more people to walk and cycle as an active mode of transport both as part of our long-term approach (Strategic Cycling and Walking Delivery Plan 2019-2029) and in response to new opportunities and funding bids developed by us and through partner working. These include short, medium and long term schemes and projects such as local path improvements to large scale schemes i.e. the Great North Cycleway, the ongoing Local Transport Plan implementation programme, Transforming Cities Fund schemes, DfT's Active Travel Fund schemes in and around Durham City and Newton Aycliffe developed in response to the pandemic, Capability Fund, DfT 3 and 4 (National Cycling Networks 1 and 14), Towns and Villages walking and cycling programme, Travel Plans, Borrow a Bike and Love to Ride.

LCWIPs will support the Council's ambitions to develop broader active travel work across the County and will tie in wherever possible to other planned and upcoming schemes and opportunities. In terms of funding, the LCWIP process and adoption has recently become a prerequisite for bidding into national and regional funding opportunities.

The key outputs of a LCWIP include local walking and cycling network plans, a prioritised programme of improvements and underpinning technical report. These plans will be an essential component in attracting future national funding for the delivery of walking and cycling infrastructure but will not exclude projects outside of the plans from coming forward.

The LCWIPs will be embedded across the County Council's services supporting transport, environment, health, leisure and planning agendas.

Following the drafting of the first three draft LCWIPs, the Council has secured funding from the Government's Active Travel Capability Fund to continue the work across nine more towns (Shildon, Spennymoor, Seaham, Peterlee, Barnard Castle, Bishop Auckland, Stanley, Crook and Consett) and develop an LCWIP Lite methodology for smaller settlements and the walking and cycling routes five miles to/from Durham City. It is intended that all remaining LCWIPs are completed in the next 12 months.

A bid has also been submitted for the Department for Transport's Active Travel Fund 2021/22 Capital funding and the bid was strongly supported by the Durham City LCWIP.

Decision

The Cabinet approved the first three Local Cycling and Walking Infrastructure Plans (LCWIPs) for Chester-le-Street, Durham City and Newton Aycliffe.

Armed Forces Covenant

Summary

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which presented the refreshed Armed Forces Covenant for endorsement and agreement for signature at a formal covenant signing ceremony.

The Armed Forces Covenant is a promise by the nation ensuring that those who serve or who have served in the Armed Forces, and their families, are treated fairly, and will not be disadvantaged in accessing public services by their military service.

The Council endorsed the signing of an Armed Forces Community Covenant on 16th May 2012. The Armed Forces Community Covenant which was originally signed in 2012 no longer exists as a separate covenant and all organisations now sign a single Armed Forces Covenant document. By refreshing and re-signing a new Covenant document the Council will demonstrate continuing commitment to supporting the Armed Forces Community in County Durham. It will also prepare the Council for applying to revalidate the MOD Employer Recognition Scheme Gold Award in 2023.

The report outlines the steps taken to be a supportive employer as well as providing support for and working in partnership with the Armed Forces Community in the county. The report included a refreshed Armed Forces Covenant for endorsement and informed Cabinet about proposed legislation in relation to the Armed Forces Covenant and the potential implications for the Council.

Decision

The Cabinet:

- a) received and endorsed the Armed Forces Covenant;
- b) agreed that the Leader sign the covenant at a formal signing ceremony.

The National Bus Strategy Enhanced Partnerships and Bus Service Improvement Plan update

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which advised of the role the County Council is playing in responding to the Government's National Bus Strategy and associated activity for the process of implementing an Enhanced Partnership and Bus Service Improvement Plan for the region. The report set out the potential impact this may have in the County and it updated Cabinet of progress to date, the commitment to ensure the best possible outcome for the County and advised on the timescale for the implementation of the Enhanced Partnership.

The National Bus Strategy (NBS) was launched during March 2021, setting out Government's vision for the future of bus services including the requirement for all Local Transport Authorities (LTA) to commit to working with bus operators to develop an Enhanced Partnership (EP).

An EP is a statutory partnership between one or more LTAs and their local bus operators that sets out how they will work together to deliver a Bus Service Improvement Plan (BSIP).

The BSIP will need to set out how current arrangements meet aspirations, and highlight what improvements need to be delivered through the EP and the investment plans of LTAs and bus operators.

The Government expects Bus Service Improvement Plans to include:

- targets for journey times and reliability improvements,
- identify where bus priority measures are needed,
- set out pressures on the road network, air quality issues and carbon reduction targets which improved bus services could address; and
- drive improvements for passengers by:
 - setting targets for passenger growth and customer satisfaction;
 - setting out plans and costs for fares, ticketing and modal integration;
 - considering the impact of roadside infrastructure.

While the responsibility and power to make an EP lies with the North East Joint Transport Committee (NEJTC), the County Council, while not the Local Transport Authority, has a key role to play in the process with both its delegated transport functions and as Highway Authority as well as being a constituted member of the NEJTC.

The publication of a BSIP is a key milestone in the process of development and implementation of an EP and it will be key that this plan reflects the needs of people in County Durham. As an enabler to engagement, a 'Vision for Buses' document has been compiled collaboratively with North East bus operators and members of the NEJTC and will provide evidence that engagement has been undertaken with the public and other key stakeholders. To extend this engagement, Local Bus Boards are also proposed, allowing local representatives to meet with bus representatives to increase understanding between the parties involved.

While detail of funding is pending further clarity from Central Government, it is anticipated that the BSIP will act as a bidding document to influence the share of the £3 billion of transformation funding the region will receive from Central Government.

Decision

The Cabinet:

- a) noted and endorsed the role of the County Council within the Enhanced Partnership and Bus Service Improvement Plan process and the progress to date;
- b) noted and endorse the commitment for the County Council to play a proactive role to ensure that the County receives the best possible deal from the potential funding settlement.

Greenfield Community College – Future Options

Summary

The Cabinet considered a report of the Corporate Director of Children and Young People's Services which presented future options for the provision of education at Greenfield Community College in order that a solution is found to current challenges sufficiency, building conditions, and impact of the split site model on the breadth and quality of the curriculum.

Following an Ofsted inspection judgement of 'inadequate', Sunnydale School in Shildon was amalgamated with Greenfield School, Newton Aycliffe. Greenfield School was enlarged from 1 January 2015, becoming Greenfield Community College, and Sunnydale School was closed as a separate school on 31 December 2014.

These schools were 2.2 miles apart and prior to the reorganisation, had already been working together in an educational trust. At the time of the Ofsted inspection in 2014 there were also significant sustainability issues for Sunnydale school with only 405 pupils attending the school. Education delivery across a split-site took place until January 2020 whereupon health and safety concerns forced the temporary closure of the Sunnydale site. At this point all pupils were safely accommodated on the Greenfield site, with temporary additional accommodation provided.

The establishment of a single school operating on a split-side model in 2015 did not address the underlying challenges evident before the amalgamation. Pupil numbers have continued to fall as education standards have declined with challenge from both DfE and Ofsted. As a result the school has faced financial challenges compounded by the long standing site issues.

Future options must primarily address the systemic issues with the split site model of provision that compromised the delivery of a broad and balanced curriculum. In addition, the very poor condition especially of the Sunnydale site, have combined to create a situation that must be resolved by considering long term options for improved educational provision.

Parental choice has favoured schools other than Greenfield Community College in recent years. That has led to pupils from Shildon increasingly attending schools in nearby Bishop Auckland. This has been compounded by the significant growth of the nearby University Technical College (UTC) South Durham in Newton Aycliffe which has also significantly affected pupil numbers.

This trend has further reduced pupil numbers at Greenfield Community College from below the minimum recommended by the Department for Education for a financially viable school across two sites.

Repeated Ofsted inspections and Department for Education (DfE) advisers have identified the split-site arrangement inhibits educational improvement and progress. Notwithstanding this, there is a desire within the Shildon community to retain secondary provision in the town.

Any consideration of future provision and potential pupil numbers needs to take into consideration the close proximity of the number of secondary schools within a 'normal' travel to learn distance of the two sites.

The report considered the following four options:

- carry out remedial work on both sites; resume split-site education;
- build a new replacement school on a new site;
- build a new replacement school on one of the existing sites (i.e.: Sunnydale or Aycliffe) and dispose of the other site;
- make the current temporary arrangements permanent - rebuild the Aycliffe site, to accommodate all pupils in improved educational facilities; and consult on closure of the Sunnydale site.

The report recommended the option to make the temporary arrangements permanent is and consult on closure of the Sunnydale site (Option 4). This is the most compelling and viable in terms of all factors – enhanced standards, minimal disruption to learning, improvement of accommodation and cost-efficiency. All options were thoroughly explored in the report. None of the options considered in the report impact on the long-term future of the adjacent Leisure Centre and the plans for that are being progressed through the Leisure Transformation programme (see Cabinet report for 29th September 2021). That report indicated the Council’s commitment to sustain and improve the leisure facilities in Shildon.

Following the Cabinet’s approval of the recommended option, a public consultation process on the closure of the Sunnydale site will be required, and the report set out a provisional timeframe for this.

Decision

The Cabinet:

- (a) agreed that Option 4, as presented in this report, is the most appropriate and sustainable way to improve the educational provision for the children and young people in the communities served Greenfield Community College;
- (b) agreed to commence public consultation on the closure of the Sunnydale site of Greenfield Community College in line with the statutory consultation process outlined in paragraph 98 of the report;
- (c) agreed to seek funding for the rebuild of the Aycliffe site either through the National Schools Rebuilding Programme or the Council’s Medium Term Financial Plan.

Consideration of an Ecological Emergency in County Durham

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which considered the establishment of a working group to investigate the merits and consequences of Durham County Council declaring an ecological emergency, including the evidence base for the decision at a local level and the expected outcomes.

In March 2019, Durham County Council declared a climate emergency and quickly prepared an emergency response plan this plan continues to evolve and develop as the council focuses on its carbon commitment targets. Climate change can overwhelm the capacity of ecosystems to mitigate extreme events and disturbance, such as wildfires, floods, and drought.

A recent report from the House of Commons Environmental Audit Committee concluded that since 1970 there has been a 68% decrease in population sizes of mammals, birds, amphibians, reptiles, and fish across the globe and in the UK 15% of species are threatened with extinction. It also noted that of the G7 countries, the UK has the lowest level of biodiversity remaining and that to reverse the trend of biodiversity loss requires urgent transformative change. The global loss of wildlife habitat, the reduction in a wide range of species of both flora and fauna is of considerable concern to such an extent that it may be considered an emergency situation alongside the changes to the world's climate.

County Durham has a complex history with regard to wildlife and habitat. Once the home of mining and other heavy industry, which left a legacy of contamination and landscape degradation, the county has seen significant restoration over recent decades improving habitat, and land, water and air quality.

This work continues both through the activities of the Council and others. The North Pennine uplands and the Durham Coast and associated Magnesian Limestone grasslands, in particular support rare and threatened species and both have been the subject of considerable conservation effort. This positive progress over decades must be set against the continuing pressures placed on the natural landscape from development and other human activity.

On 22 September 2021, at a meeting of the County Council, a question was raised seeking Cabinet's view on the declaration of an ecological emergency in County Durham. Arguments were presented for both declaring an ecological emergency and preparing ecological emergency response plan in parallel to the existing climate emergency response plan, which itself will be refreshed in 2022. In response to the question, the Portfolio Holder for Neighbourhoods and Climate change committed to bring forward a cabinet report recommending the establishment a working group to make a thorough assessment of the issues pertaining to an ecological emergency declaration particularly in the context of County Durham, including a thorough analysis of the evidence and data available through the work of the Council and others, including ongoing work by the Environment and Climate Change Partnership, alongside as assessment of the potential outcomes of such an initiative.

Decision

The Cabinet:

- a) recognised the national and international decline in natural habitats and species;
- b) agreed to make a request to the Chairs of Scrutiny that this work be included as part of the scrutiny work programme and that a working group is established to examine the evidence base relating to the decline in natural habitats in County Durham;
- c) agreed to make an additional request that an initial report to come to Cabinet on the findings of the working group referred to in (b) above within 6 months.

Director of Public Health Annual Report 2021

Summary

The Cabinet considered a joint report of the Corporate Director of Adult and Health Services and the Director of Public Health which presented the Annual report of the Director of Public Health for County Durham.

Under the National Health Service Act 2006, one of the statutory requirements of the Director of Public Health is to produce an annual report about the health of the local population.

The local authority has a duty to publish the report. The government has not specified what the annual report might contain and has made it clear that this is a decision for individual Directors of Public Health to determine.

The DPH annual report for 2021 focuses on the following:

- Foreword
- Health and wellbeing across County Durham
- Approach to wellbeing
- County Durham – our health roadmap
- COVID-19 – response and recovery
- Update on strategic priorities
- Specific focus on 3 remaining strategic priorities:
 - Promoting positive behaviours
 - High quality drug and alcohol services

- Better quality of life through integrated health and care services
- Revisiting the Taylors with a focus on real life case studies
- Update on recommendations from 2020
- A set of recommendations for 2021 based on the three priority areas of focus.

Decision

The Cabinet:

- a) Received the 2021 annual report of the Director of Public Health, County Durham;
- b) Agree to publish the annual report.

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.

Newcastle International Airport Limited (NIAL) Update [Key Decision: CORP/R/21/06]

Summary

The Cabinet considered a report of the Interim Corporate Director of Resources which presented an update on Newcastle International Airport Limited (NIAL).

Decision

The Cabinet agreed the recommendations in the report.

Helen Lynch
Head of Legal & Democratic Services
15 October 2021