



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 17 November 2021**. The decisions will come into force and may be implemented from **Monday 29 November 2021** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Council Tax Base 2022/23 and Forecast Deficit on the Council Tax Collection Fund as at 31 March 2022 [Key Decision: COPR/R/21/03]

Summary

The Cabinet considered a report of the Corporate Director of Resources which determined the council's tax base for domestic properties liable to pay council tax, which is an important component in the council's budget setting process for 2022/23 and to report on the estimated collection fund deficit as at 31 March 2022.

Regulations made under the Local Government Finance Act 1992 require each billing authority to calculate its 'council tax base' for the following financial year. The council tax base is a measure of the county council's 'taxable capacity', for the purpose of setting its council tax. Legislation requires the council to set out the formula for that calculation and that the tax base is formally approved by Cabinet.

In determining the council tax base for 2022/23 the following issues must be factored into the calculation:

- (a) The impact of exemptions and discounts being applied to properties within County Durham;
- (b) Forecast impact on the tax base as a result of changes in the incidence of Local Council Tax Reduction Scheme (LCTRS) claims, which is a discount rather than a benefit payment and therefore reduces the tax base;
- (c) Forecast impact on the tax base as a result of the changes made to the Long-Term Empty (LTE) property council tax premium, offset by estimated impact of the section 13A(1)(c) policy;

- (d) Forecast impact on the tax base as a result of growth (i.e. new build) or reductions (e.g. demolitions or increases in the incidence of other council tax discounts and exemptions) for 2022/23; and
- (e) Provision for non-collection of council tax due to bad debts that need to be written off.

COVID-19 continues to make it difficult to accurately forecast the tax base for next year, with the pandemic having a significant continuing impact on the local economy. LCTRS caseloads have almost returned to pre-pandemic levels. There are now slightly fewer households receiving LCTRS overall than there were in February 2020 before the first national lockdown; around 56,300 compared to 56,800. There are around 1,000 additional working age households receiving help with their council tax compared with pre-pandemic levels, although this number is gradually reducing. This higher level of working age claims is offset, by a circa 1,400 reduction in pension age households receiving LCTRS, which reflects a long-term national trend for this age group.

There are concerns that the removal of the furlough scheme from October 2021 may lead to a further new rise in working age LCTRS applications.

New house building has continued throughout the pandemic period, though not quite at the rate that would have been expected previously but there is still a steady stream of new properties being added to the rating list, which is expected to continue into 2022/23.

Taking all these matters into account the council tax base for the financial year 2022/23, based on the current position and prudent assumptions around the incidence of discounts and exemptions across the coming eighteen months plus prospects for new builds, has been calculated to be 143,695.8 band D equivalent properties, an increase of 2,072.6 (1.46%) on the council tax base for 2021/22.

The council usually declares its council tax collection fund position for budget setting purposes based on the quarter two Collection Fund forecast and informs the two principal precepting bodies to the Collection Fund - County Durham and Darlington Fire and Rescue Authority and Durham Police, Crime and Victims' Commissioner – of the figures they would need to take into account next year.

Regulations changed for 2020/21, whilst previously the shares of the declared Collection Fund Surplus or Deficit would need to be absorbed by the relevant bodies in the following year, the Government amended the regulations to allow this pressure to be spread over three years. As such, one third of the declared deficit for 2020/21 of £5.720 million will be included in the Collection Fund Surplus or Deficit in years 2021/22 to 2023/24 (£1.907 million per year).

As at 30 September 2021 the in-year position for the council tax collection fund is a forecast £0.558 million surplus. After taking into account the brought forward share of the 2020/21 deficit, the 2021/22 council tax collection fund is forecast to have a deficit of £5.090 million at 31 March 2022. Durham County Council's share of this deficit would be £4.292 million. The council will not however be declaring a final forecast outturn position on the council tax collection fund until later in the year.

Decision

The Cabinet:

- (a) approved the council tax base for the financial year 2022/23 for the county, which has been calculated to be 143,695.8 band D equivalent properties;
- (b) noted the impact on individual Town and Parish council tax bases and the Local Council Tax Reduction Scheme grant allocations for the financial year 2022/23;
- (c) noted the forecasted council tax Collection Fund position at 31 March 2022, which will be updated and formally declared in January.

Local Council Tax Reduction Scheme Support Payments [Key Decision: CORP/R/21/05]

Summary

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the Local Council Tax Support Payments awarded in 2020/21, funded through the Government's Covid 19 Hardship Funding and in 2021/22 through the Government's Local Council Tax Support Scheme funding; these additional payments offer further financial support to the most vulnerable households affected by the pandemic. Within Durham these "top up" payments enhanced support already provided through Durham's Local Council Tax Reduction Scheme (LCTRS) which continues to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme. By utilising the Hardship Fund in this way, to make additional direct awards to LCTRS working age claimants, this enables support to continue to be provided to those low-income families who have been the most significantly impacted by challenges arising from the pandemic, recent changes to welfare provision and from current economic conditions.

This report also provided cabinet with information on the current and forecast expenditure against the Covid-19 Hardship Fund and the Local Council Tax Support Scheme Grant received; and sought approval for the allocation of the remaining Covid-19 Hardship/Local Council Tax Support Scheme Funding to continue to provide support, through the additional awards, on a tapered basis, to vulnerable residents during 2022/23 and 2023/24, through the recovery from the pandemic.

The Council's Local Council Tax Reduction Scheme (LCTRS) provided support to reduce the Council Tax liability for low-income households. Durham's scheme continues to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme. National research confirms that there is a clear correlation between caps on the amount of LCTRS support provided and lower council tax collection rates. Full Council agreed in October 2021 to extend the current LCTRS scheme in its current form, into 2022/23.

There are currently 56,328 LCTRS claimants in County Durham, of which 21,117 (37%) are pensioners and 35,211 (63%) are working age. Almost 80% of all working age claimants currently receive 100% LCTRS discount, with LCTRS support forecast to be circa £62m in 2022/23. There are circa 19,300 LCTR claimants receiving UC, almost 55% of the working age LCTR caseload.

The coronavirus pandemic has had a significant impact on the LCTRS working age caseload in particular, which increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received from working age customers adversely affected by Covid-19. At the peak in May 2020 the working age LCTRS caseload was almost 3,000 higher than in January 2020 and remains around 1,000 higher than pre-pandemic levels.

In March 2020 the Government announced a Covid 19 Hardship Fund, from which Durham was allocated £6,964,443, to provide additional support to economically vulnerable people and households during the Covid-19 pandemic. The Government announced that it was their 'strong expectation' that the funding would be used to give all working age LCTRS recipients a further reduction in their 2020/21 council tax bill of £150, or a reduction of their liability to nil if their liability was already below £150 after LCTR. This was based on an assumption (as is the case in most other authorities) that the level of support a working age claimant could receive was capped and all working age claimants were required to contribute in some way to their council tax liabilities.

The Council adopted a policy which provided an enhanced scheme, offering an additional reduction of up to £300 where the working age claimant was left with a bill to pay after their entitlement to LCTRS support was calculated. This was affordable in Durham as our LCTRS does not have a minimum payment level, and as a result 80% of our residents were already receiving 100% LCTR and had no council tax to pay.

To ensure that the Covid-19 hardship funding was fully used to provide further support to the most vulnerable in the county, £1m of the grant received was set aside to supplement the council's Welfare Assistance Scheme in the coming year, aimed at anti-poverty and community resilience measures.

In November 2020, as part of the Spending Review, the Government announced a further fund intended to be used to cover the continuing increased costs of Council Tax Support into 2021/22. Durham received £7,043,299 from this Local Council Tax Support Scheme Grant and it was agreed that this funding would be used to extend the additional reductions of up to £300 to working age LCTR claimants during 2021/22 at an estimated cost of £3.9m. In addition to this, £1.4m of the funding was also allocated to the Area Action partnerships (AAP's) to support local welfare projects across the county. Each AAP being allocated £100,000.

It is estimated that by the end of 2021/22, after administering these additional payments to support the reduction of council tax bills by up to £300 for working age residents receiving LCTR in 2020/21 and 2021/22, the council will have committed just over £8m of the funding from both allocations to support these payments.

There are a number of factors which continue to impact household income; particularly for those more vulnerable, low income, households. These factors include the ongoing impact of the Covid 19 pandemic; the withdrawal of the £20 per week Universal Credit uplift; increasing energy costs; the cessation of mortgage holidays; the resumption of formal recovery action in relation to household bills and rent and the re-consideration of benefit claims by the Department of Work and Pensions. Consideration therefore needs to be given to providing ongoing support in relation to Council Tax liability for those more vulnerable households in 2022/23 and 2023/24.

In guidance published by the Department for Levelling Up, Housing and Communities (DLUHC), the Government have made it clear that the second round of funding, the Local Council Tax Support Scheme Grant, was intended, to be specifically used for support with council tax. The policy paper explains that the 'funding is unringfenced but is provided towards expenditure incurred, or to be incurred, in respect of the provision of local council tax support in 2021/22'. The Council has taken the approach to use this funding to make direct awards in terms of "top up" support for those claiming Council Tax Reduction, to directly reduce the financial pressure on low income households across the county. The Council also continues to fund a range of other support mechanisms for households in financial difficulty and has determined to not use this funding to cover the increased cost of their main LCTRS as a result of the pandemic, as many Councils have.

Given the requirements of the second round of funding and in order to continue to provide additional support for working age recipients of the Council Tax Reduction Scheme over the next two financial years, it is recommended that the remaining Covid-19 hardship/Local Council Tax Reduction Scheme funding is used to continue to offer the additional support to working age LCTRS recipients of up to £150 in 2022/23 and up to £75 during 2023/24. The estimated cost of this would be £2.3m in 2022/23 and £1.2m for 2023/24.

When the previous allocations to the AAPs and to the Welfare Assistance Scheme from this grant are factored in, the forecast costs of these proposals are to spend the grant funding in full.

If approved, these additional awards will enable the county's more vulnerable households to continue to receive support as their income continues to be affected by the restrictions put into place to control the virus and through the ongoing pressures on their finances as we move towards recovery as other support measures put in place during the pandemic are withdrawn.

The extension of the additional support also allows it to be tapered to enable households to adjust to the reinstatement of their usual Council Tax liability from April 2024. It will be important therefore that we clearly communicate this to households in receipt of the awards so that residents understand the additional support being offered will remain in place until there is a return to the normal arrangements for the collection of Council Tax liability in 2024/25.

Decision

The Cabinet agreed to ensure full use of the Covid-19 Hardship Fund/Local Council Tax Support Grant allocations to support vulnerable residents experiencing financial difficulty by extending the existing top up arrangements into 2022/23 and 2023/24, making a maximum additional payment of up to £150 to eligible residents in receipt of Council Tax Reduction in 2022/23 and up to £75 in 2023/24.

County Playing Pitch Strategy

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval for the adoption of Durham's Playing Pitch Strategy 2021-2035.

Durham County Council completed a Playing Pitch Strategy (PPS) in 2021 with the primary purpose of providing a strategic framework that ensures the provision of playing pitch facilities meets the local needs of existing and future residents.

This is necessary to protect playing pitches against development pressures; to identify future pitch demand issues in relation to predicted population changes and specific sports development pressures; and to assist in addressing budget pressures.

Demographic forecasts, consultation with stakeholders and sports club and team data are gathered to provide an evidence base for planning decisions to support the County Durham Local Plan policies in relation to formal recreation. It is a key component when Sport England, as a statutory consultee, are asked for their view on planning applications. Sport England require the PPS to be formally adopted by the Council. This evidence is continually refreshed as developments are realised, new developments come forward, club and team data changes and so on, ensuring the strategy remains relevant throughout its lifecycle.

Thus, the strategy provides robust evidence that is capable of being scrutinised through examination whilst meeting the requirements of the National Planning Policy Framework (NPPF). One of the core planning principles of the NPPF is to improve health, social and cultural wellbeing for all and deliver sufficient community and cultural facilities and services to meet local needs. Section 8 of the NPPF deals specifically with the topic of healthy communities; the report also discusses the importance of access to high quality open spaces and opportunities for sport and recreation that can make an important contribution to the health and well-being of communities.

The report details the background, scope, consultation and summary findings contained within the County Playing Pitch Strategy and it considers delivery of report recommendations. It also considers future monitoring/maintenance of the strategy and associated consultation data, together with a copy of the database which has been circulated to National Governing Bodies and key stakeholders in February this year, to confirm data remains up to date as previously mentioned. The Playing Pitch Strategy will complement the Leisure Centre Transformation programme informing the outdoor sport elements as well as the wider leisure framework.

Decision

The Cabinet:

- a) adopted the Playing Pitch Strategy and the principles applied to Durham County Council's current and future provision of sports pitches/facilities and recognise its links to the County Durham Plan;
- b) approved the suggested mechanisms and governance structure for delivery of the main strategy recommendations, and for ensuring that team and population data remain up to date throughout the strategy lifespan;

- c) agreed the principles of inclusive prioritisation criteria detailed in this report, and the associated process (triage) for dealing with new projects as they come forward;
- d) supported a programme of strategic investment to deliver the PPS through developer Section 106 contributions, external sports funding and DCC's Capital Programme;
- e) supported a financial commitment to the improved maintenance of existing, and new pitches/facilities through a combination of uplifted revenue budgets, reallocated revenue and commuted sums from developers to ensure benefits of capital investment are not lost.

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

Summary

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

- a) forecast revenue and capital outturn for 2021/22, based on the position to 30 September 2021;
- b) forecast for the council tax and business rates collection fund position at 31 March 2022, based on the position to 30 September 2021; and
- c) 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 also sought approval of the revised capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided 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, making forecasting the council's outturn position even more challenging than usual.

In addition to the general financial uncertainty during 2021/22, the longer term financial impact of the pandemic beyond this year is also uncertain 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 various Business Rates Grants Support Scheme(s); the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; COVID-19 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.

At this stage of the year it is forecast that there will be a small net in year surplus on the collection fund for the council of £0.879 million after taking into account Section 31 grant receivable. Taking into account the brought forward position from 2020/21 and including the phasing of collection fund deficits over three years there is a total forecast deficit on the collection fund of £0.963 million. 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 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 also extended the Sales, Fees and Charges 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. The council has submitted a claim for circa £1.6 million from the scheme for 2021/22.

Based on the position to 30 September 2021 service groupings are forecasting a net overspend of £11.778 million before any adjustment for COVID-19 related items. This net overspend position mainly arises from additional expenditure and loss of income associated with the COVID-19 outbreak of £24.182 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 £7.528 million – giving a net COVID-19 related position of a £16.654 million overspend. When this is excluded there is a forecast cash limit underspend of £4.876 million across all service groupings.

The forecast COVID-19 overspending across the various service groupings is fully offset by the circa £17.2 million the council expects to receive from the government to cover the financial impact of the pandemic.

At this stage, net COVID-19 costs are £0.5 million below the grant funding the council expects to receive.

Overall it is estimated that the council's 2021/22 budget will be underspent by £8.427 million, representing 1.8% of the net expenditure budget of £468.139 million.

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 ongoing impact of COVID-19 following the lifting restrictions at the beginning of quarter two.

A developing budget pressure relates to hyper inflationary pressures in the energy markets. The additional costs associated with energy price uplifts can be managed within the general contingency budget but this position will need to be kept under review. A further risk relates to pay inflation, where the trade unions have not accepted the employers 1.75% pay offer and are to ballot for industrial action. Broader inflationary pressures will need to continue to be managed within service cash limits.

There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that as yet have not been quantified. The Cash Limit and General Reserves will potentially be required to meet any shortfall that ultimately arises in this regard whilst longer term strategies are implemented.

In terms of service grouping cash limits, the projected cash limit underspend of £4.876 million is around 1.04% of the cash limit budgets.

At quarter one, Children and Young People's Services were forecasting an overspend of £4.754 million whilst Adult and Health Services were forecasting an underspend of £3.886 million. On 15 September 2021, Cabinet agreed to a 2021/22 base budget transfer of £4.5 million from Adult and Health Services to Children and Young People's Services which would also be included in the base budget for 2022/23. The quarter two forecast of outturn, indicates a cash limit underspend of £2.35 million for AHS and a cash limit underspend of £1.6 million for CYPS after this budget transfer has been actioned.

In terms of sums outside the cash limit, there is a forecast underspend of £3.551 million. This position will be kept under careful review, especially in relation to additional costs and loss of income linked to the ongoing impact of COVID-19 and from any further inflationary pressures.

Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £36.559 million in 2021/22, from £245.532 million to £208.973 million. The forecast at quarter one indicated that total earmarked and cash limit reserves (excluding school reserves) were forecast to reduce by £47.077 million in 2021/22, 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 13 October 2021 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £45.7 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 £199.419 million, with the capital budgets having been augmented with reprofiled budget from underspending against the 2020/21 capital programme.

To the end of quarter two, the council has delivered savings totalling £4.476 million, which is 84% 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 continuing uncertainty associated with the outturn forecast resulting from the continuing impact of COVID-19 as set out in the report;
- (b) agreed the proposed 'sums outside the cash limit' for approval as set out in the report;
- (c) agreed the revenue and capital budget adjustments outlined in the report;
- (d) noted the forecast use of earmarked reserves in year;
- (e) noted the forecast end of year position for the cash limit and general reserves;
- (f) noted the additional costs and income loss faced as a result of COVID-19 which is offset by additional grant funding provided by government;
- (g) noted the emerging inflationary pressures which it is forecast can be managed within general contingencies and cash limit reserves;
- (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 to 30 September 2021 against the 2021/22 targets and the total savings that will have been delivered since 2011.

Sniperley Park Masterplan

Summary

The Cabinet considered a report of the Corporate Director of Regeneration and Economic Development which requested the agreement of the draft Sniperley masterplan for public consultation. The masterplan will guide approximately 1,700 new homes and associated infrastructure across the site on the edge of Durham City. Alongside the masterplan, a Healthy Active Travel Connectivity Plan has been prepared to illustrate the significant opportunities for active travel both within and surrounding the site.

The County Durham Plan allocates land at Sniperley Park, as a sustainable urban extension to deliver 1,700 new homes along with associated services and facilities to create a vibrant and self-sustaining mixed community. The Plan also requires that the site is comprehensively masterplanned to ensure that all of the policy requirements can be met regardless of land ownership.

The masterplan is a means to guide the future planning, design and development of the site as it moves towards delivery.

Owing to the strategic nature of the site, it is important that the proposed masterplan for Sniperley Park is clearly articulated with key stakeholders, residents, neighbouring communities and businesses within the area. It is therefore proposed that a public consultation is undertaken in order to seek views from interested parties from 29 November 2021 to 14 January 2022. All comments and suggestions raised as part of the consultation will be considered and where relevant, amendments will be made to the masterplan.

Decision

The Cabinet:

- a. agreed the Sniperley masterplan for consultation from 29 November 2021 to 14 January 2022;
- b. agreed the Sniperley Healthy Active Travel Connectivity Plan for consultation from 29 November 2021 to 14 January 2022; and
- c. agreed to delegate to the Corporate Director of Regeneration, Economy and Growth in consultation with the Portfolio Holders for Economic Regeneration and Partnerships and Resources, Investment and Assets the power to make modifications and adopt the documents following consultation.

Chester le Street, Newton Aycliffe, Peterlee, Stanley and Three Towns Masterplan and Durham City Framework

Summary

The Cabinet considered a Report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on a number of masterplans across County Durham.

The Council has previously prepared a number of masterplans and regeneration frameworks for the larger towns in the county, the most recent being the Chester-le-Street Masterplan adopted in 2019. Although this has always been a rolling programme, we have accelerated a number of new masterplans to support potential Levelling Up Fund (LUF) bids currently in preparation. Although a key driver for this round of masterplans is LUF they are being comprehensively prepared and therefore contain other projects and proposals that will either not be suitable for LUF or may ultimately be unsuccessful bids. This will ensure that these projects will be well placed to progress should other sources of funding be identified.

The masterplans identify current and future activities across the public and private sectors in order to provide a coordinated approach to delivery and maximise opportunities for funding. The consultation on the masterplans will enable local communities including residents, businesses and other stakeholders to have their say on the content of the masterplans, as well as putting forward their own ideas for consideration. Following consultation, amendments will be made in response to the comments made wherever possible.

Decision

The Cabinet:

- (a) agreed the Chester-le-Street, Newton Aycliffe, Peterlee, Stanley and Three Towns masterplans and Durham City Framework for consultation from 29 November 2021 to 14 January 2022; and
- (b) agreed to delegate to the Corporate Director of Regeneration, Economy and Growth in consultation with the Portfolio Holders for Economic Regeneration and Partnerships and Resources, Investment and Assets the power to make modifications and adopt the masterplans following consultation.

Helen Lynch
Head of Legal & Democratic Services
19 November 2021