



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on. **Wednesday 15 December 2021**. The decisions will come into force and may be implemented from **Thursday 23 December 2021** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Mainstream Primary and Secondary Formula Funding 2022/23

Summary

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which provided an overview of the forecast Dedicated Schools Grant School Block and proposed local formula for 2022/23, with the proposal that the Council continues to align the mainstream primary and secondary formula funding in 2022/23 with the National Funding Formula (NFF).

The Schools Block is part of the Dedicated Schools Grant and is the main source of funding for the mainstream primary and secondary funding formula. This provides the bulk of funding for these schools. Mainstream primary and secondary funding formulas are set locally by each local authority. There is a single formula that applies for both primary and secondary schools. Funding regulations limit the discretion of local authorities when setting local formulas and requires that these formulas distribute the majority of funding through pupil-led factors. Initial information in relation to funding levels for 2022/23 was released on 19 July 2021.

Nationally core school funding, which includes the Schools Block will increase in 2022/23 by £2.3 billion. This increase represents a 3.2% increase on funding available 2021/22. The majority of the increase in funding has been used to increase factor values in the NFF by between 2% and 4%, with the minimum per pupil funding guaranteed through the formula increasing to £4,265 per primary pupil and £5,525 per secondary pupil. The increase is welcome although schools will face pressures next year linked to inflation and the lifting of the public sector pay pause, which has affected schools this year.

Funding in the NFF for small primary schools in sparsely populated areas, (known as sparsity funding), has been substantially increased nationally and the eligibility criteria have been changed, which is likely to benefit more schools and allocate more funding through this factor. The changes will result in additional funding for the Schools Block.

It is forecast that the number of schools benefitting in the county from sparsity funding in Durham will increase from 13 to 30 schools, with the funding available under this formula factor increasing from £0.5 million per annum to £1.2 million per annum.

The local formula in Durham in 2021/22 is aligned to the National Funding Formula (NFF). The NFF is expected to replace local formulas in the future and the DfE is currently consulting about how to make progress with this. For 2022/23 it is recommended that the council continues to set a local formula that is aligned to the NFF. The council is planning to use growth funding, to support one school experiencing basic need growth in pupil numbers. The local formula factor values will be finalised upon receipt of the DSG settlement in January and the full local formula will be included in the MTFP(12) and 2022/23 budget report in February 2022.

Decision

The Cabinet:

- (a) Agreed to the 2022/23 continued alignment of the local formula to the NFF, including the changes to sparsity funding;
- (b) Agreed to the adjustment for basic need growth funding for Framwellgate Primary School; and
- (c) Noted that the formula factors will be finalised upon receipt of the finance settlement, with the detailed formula included in the MTFP(12) and 2022/23 budget report presented to Cabinet in February 2022.

Council Homes Programme Update

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which set out the strategic rationale behind the Council Homes programme, updating Cabinet on the progress to date. The report also sought approval to commence work on the second phase of the programme and set out the Council's strategy for the development of new council homes within the rural west of the County.

The Government has established ambitious targets to deliver 300,000 affordable homes each year and set out its plan to do this in the Government White Paper “Fixing Our Broken Housing Market” 2017. The White Paper included proposals to build the right homes in the right place, building homes faster, diversifying the housing market and helping people now.

Within County Durham, even with the best efforts of the Council working with Registered Provider partners, the Council has failed to deliver on Affordable Homes Targets. The Strategic Housing Market Assessment SHMA identified a net shortfall of 836 affordable dwellings per year (2016 – 35). Taking account of delivery of all types by all developers, the Council has struggled to meet 50% of this need on an annual basis. The White Paper signalled a new active role for local authorities to get involved once again in the direct development of affordable homes. The main hurdle that prevented councils from delivering to their capacity was swept aside with the removal of the debt cap opening the door for councils to make a significant contribution to the national effort and locally helping to close the gap in affordable housing delivery for local people. Proactive councils are stepping forward to play their part in meeting the acute housing need that exists.

Since the approval of the Council Homes programme by Cabinet in October 2020, officers have been working hard on a comprehensive strategy to deliver 500 new council homes between now and 2026. This work has been centred around 5 strategic themes covering governance, development, finance, housing management and regulatory standards. An update on progress was contained within the report.

Work has progressed well on the preparations for the development of the seven sites already included in Phase 1 of the programme. Cabinet was asked to approve the sites to be included in Phase 2 so that work can commence on site investigation work, viability assessments, site layout and designs to ensure the delivery of the programme within the set timetable.

The Council has specific challenges in delivering essential affordable housing within the rural west of the county where a small number of new affordable homes will make a significant difference in local communities. The Council’s approach needs to be different as it does not have its own land holdings to develop new homes on. The report detailed the Council’s strategy for developing new affordable homes in rural communities.

The Council is setting out to deliver high quality energy efficient homes with a focus on the provision of around 65% of the homes developed as bungalow accommodation for our aging population.

New homes for rent will be let under Secure Tenancies. As a consequence, they will be subject to the Right to Buy (RTB) with tenant discounts in line with legislation.

The RTB scheme has a cost floor rule that reduces the tenant discount to zero in the event that the cost floor (i.e. the cost of building the property) is higher than the RTB value with discount. These cost floor provisions apply for 15 years in the case of new homes being built by the Council. As such, the cost floor rules will effectively prevent purchases with any discount for 15 years and after that period RTB purchases with discounts would apply. The Council can apply further restrictions with regard to the Right to Buy in designated rural areas which are covered later in the proposed Rural Affordable Homes Plan.

The overall financial arrangements modelled in support of the strategic business case demonstrated the ability of the Housing Revenue Account to be self-financing after the initial pump priming necessary to execute the programme. Importantly, the development of 500 new homes programme will result in a total capital spend of approximately £70 million with over £18 million in Government funding support through the Homes England Affordable Homes Programme. This comes at a crucial time to contribute to the economic recovery from the Covid-19 pandemic within the local construction industry and supply chain. It is envisaged that emerging work with Procurement on a Local Wealth Building programme will ensure that local communities and businesses have the opportunity to benefit.

Decision

The Cabinet:

- (a) noted the progress to date;
- (b) agreed Phase 2 of the Council House Building Programme subject to and assessment of the viability of each individual scheme;
- (c) delegated authority to the Corporate Director of Regeneration and Economic Growth and the Corporate Director of Resources, in consultation with the Portfolio holders of Investments, Resources 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;
- (d) agreed the Rural Housing Plan outlined within the report.

County Durham Inclusive Economic Strategy

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which set out a proposal to develop a county wide inclusive economic strategy. The report set out proposals to ensure that in the development of the strategy and the detail of what is proposed, inclusivity is the key priority for the Council and the county's strategy.

This report included the findings of an economic review undertaken earlier this year and sought agreement for an economic statement to be used as a basis for conversations with stakeholders until the new strategy is agreed in Autumn 2022.

At its meeting on 17 March, Cabinet considered a report entitled 'Economic Recovery and Prosperity: Levelling up and Investment for County Durham'. This provided an overview of the impact of Covid 19 on the county's economy, outlined the emerging findings of an economic review, identified national and regional funding opportunities, and detailed a thematic pipeline of potential projects and interventions to support future inclusive economic growth. In March 2021, Cabinet noted the intention to produce an economic statement.

Following discussions with elected members and external partners, the Council agreed to take the following three-stage approach to developing a new, Inclusive Economic Strategy for the County.

Stage one of the approach was an assessment of the economy in the County and the production of an Economic Review. This is now complete. Stage two, and the subject of the report, is a short Economic Statement, based on the Economic Review, that provides the strategic context in advance of a full Economic Strategy being produced. Stage 3 is the production of the County Durham Inclusive Economic Strategy, in partnership with key stakeholders and following consultation. The Economic Strategy is to be completed by Autumn 2022.

The emphasis is on the role of inclusivity in the county strategy, with communities, businesses and residents being the focus of the objectives and being included throughout the development process. Whilst the County Council will act as the enabler, it is the county's strategy and should therefore represent the many and diverse businesses, anchor institutions and communities.

The Economic Review was concluded in March and provides an assessment of the main drivers and structure of the current economy including the impacts of Covid 19, and future challenges and opportunities. The Economic Review makes a series of policy focused areas to consider as the new strategy is co-produced over the coming months.

An Economic Statement has been produced which links this work to the County Durham Vision 2035, and the key findings of the Economic Review, and proposes a '5P framework' for the development of the new strategy, based on:

- **People:** Supporting people into education, training, jobs, and to excel in business and their careers;
- **Prosperity:** Supporting innovation, inclusive opportunities, economic growth, and higher levels of productivity;
- **Places:** Developing, evolving, and protecting places and infrastructure so people and businesses can thrive;
- **Promotion:** Promotion and celebration of the County and our assets to our communities, visitors, investors, and developers;
- **Partnerships:** Working in a range of partnerships to develop an inclusive, greener economy.

The Economic Statement provides an overview of economic performance, suggests areas of the economy that the Council needs to collectively support, and firmly positions the County in regional and national conversations relating to economic growth and levelling up. The report also provides a number of discussion points that will frame the conversations we have with stakeholders and partners that will frame the development of the new strategy by Summer 2022.

The Inclusive Economic Strategy is an intreated proposal and supports other plans such as the County Durham Plan. The strategy may also drive the need for further detailed proposals such as a Transport Strategy and updated Housing Strategy.

The Inclusive Economic Strategy will set the ambition and practical steps to identify, articulate and deliver what 'levelling up' means for our county and set out the priorities to achieve this.

Decision

The Cabinet:

- a) noted the content of the Economic Review;
- b) agreed the Economic Statement to be used to inform the conversations with the identified stakeholders and partners;
- c) agreed the timetable and outline structure for the co-production of an inclusive Economic Strategy.

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 12.

In accordance with paragraph 19(a) of the Overview and Scrutiny Procedure Rules, the following key decision is exempt from the call-in procedure due to the urgent nature of the decision being made.

**Bishop Auckland Economic Growth Asset Strategy
[Key Decision REG/06/21]**

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which set out a strategy for economic growth and the wider regeneration of Bishop Auckland.

Decision

The Cabinet approved the recommendations in the report.

Helen Lynch
Head of Legal & Democratic Services
15 December 2021