



## RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 16 March 2022**. The decisions will come into force and may be implemented from **Monday 28 March 2022** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

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### **Feasibility Study Outcomes: Refurbishment and Re-use of the Former DLI Museum and Art Gallery Building at Aykley Heads Key Decision No. REG/02/22**

#### **Summary**

The Cabinet considered a report of the Corporate Director of Regeneration and Economic Growth on the further feasibility studies that have been undertaken following agreement by Cabinet in September 2021 to consider the options for refurbishment and reopening of the former DLI Museum and Art Gallery (DLIMAG) and grounds. The report set out an approach to bring it back into use as an exhibition centre, gallery and café venue with appropriate reflective and contemplative grounds.

In June 2021, Cabinet agreed to review options to reopen and repurpose the DLIMAG and within this context, also consider the options for housing parts of the collection within the former site. The initial review, concluded and considered by Cabinet in September 2021, identified that the preferred option to bring the building back into use was as an exhibition centre, gallery and cafe venue with appropriate reflective and contemplative grounds, incorporating a dedicated display space for items from the DLI Collection to complement plans for the exhibitions in the Durham History Centre, acknowledging that the new History Centre would be the permanent home for the DLI Collection, its storage, care and curation.

Since the decision to review the site in September 2021, an intense period of feasibility studies has been conducted to support decision making on the options to reopen the site and the associated financial requirements.

Engagement with key stakeholders and partners alongside considerations from key council departments including planning, highways and equality and diversity, have informed considerations and options for the site. This builds on the stakeholder engagement carried out during July 2021, that was fully considered as part of the report presented to Cabinet in September 2021.

In October 2021, the Council, in partnership with Durham University and the Culture Durham Partnership, were long-listed with seven other places for the UK City of Culture 2025 competition, a key aspect of which is to support the sustainability of cultural assets. Revival of the DLIMAG building, as part of the strategic re-development of Aykley Heads and in line with the county's emerging inclusive economic strategy, provides an opportunity for culture-led levelling up that will be open to all communities and free at the point of access.

Redevelopment of the site as an exhibition centre able to deliver world-class visual art along-side displays of our proud history is integral to not only the broad opportunities at the Aykley Heads development and the wider tourism offer of the country and the region, but a conscious programme to celebrate culture and heritage and the many positive impacts these can have for residents and visitors.

The feasibility study included the review of five options against a clear brief of objectives to be delivered at the site and for our communities, those options were:

- (a) Option 0 - **Do Minimum** option comprising a refresh and 'clean up' of the existing building within the existing footprint, dedicated display space for the DLI Collection and baseline works to develop a contemplative garden;
- (b) Option 1 – **Minimum Intervention** comprising complete transformation of the existing building, dedicated display space for the DLI Collection and baseline works to develop a contemplative garden, with the demolition of the existing single storey elements (including public toilets) and a small extension to the east of the property;
- (c) Option 2 – **Intermediate Intervention** similar to Option 1 but includes a much larger extension along the full extent of the eastern elevation increasing the net internal area of the building by approximately 47%. The amount of exhibition space, and dedicated display space for the DLI Collection, is increased and there is also an increase in the amount of flexible space for education and events. The café is also larger. Additional space is included for an artist in residence and bookable meeting rooms. Works to the garden are based on a mid-level scope;

- (d) Option 3 – **Maximum Intervention** similar to Option 2 but the extension along the eastern elevation doubles increasing the net internal area of the building by around 96%. This option has the most exhibition space and dedicated display space for the DLI Collection. The space for artists in residence / creative hub is also more than double the space provided in Option 2. In addition to a larger café this option also includes additional space for a new restaurant. Works to the garden are based on the top-level scope;
- e) Option 4 – **Do Maximum** as Option 3 in terms of geometries / space requirements but assumes new build rather than a refurbishment of the existing building.

Options 3 and 4 were the only options to fully meet the critical success factors. Based on the financial, commercial, economic and market analysis to date the report recommended Option 3 as providing the best value for money against the criteria while delivering a cultural and visual art venue that would raise the city and county's profile against the regional and national cultural offer. Construction costings and business plan analyses developed for each option have taken a risk-based approach and maximum expected financial commitments were presented.

## **Decision**

The Cabinet, having regard to the corresponding exempt report, recommended to:

- (a) agree to implement Option 3 of the report as the preferred redevelopment opportunity with a forecast additional MTFP revenue budget requirement, including revenue cost of prudential borrowing required, totalling £1.019 million to be built into MTFP (13) planning;
- (b) agree that a comprehensive capital and revenue fundraising strategy is developed with immediate effect to seek external funding in order to minimise the prudential borrowing and ongoing revenue commitment of the Council;
- (c) note the need to further develop all aspects of the preferred option including the preferred delivery model and revenue implications.

## **Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021 and Update on Progress towards achieving MTFP(11) savings**

### **Summary**

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

- a) the forecast revenue and capital outturn for 2021/22, based on the position to 31 December 2021;
- b) the forecast for the council tax and business rates collection fund position at 31 March 2022, based on the position to 31 December 2021; and
- c) the 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 Cabinet with an update on progress towards achieving MTFP(11) savings in 2021/22.

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 remains uncertain at this stage. The risk in this regard will be considered and assessed in MTFP 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.

Based on the position to 31 December it is forecast that there will be a net in year surplus on the collection fund for the council of £0.342 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 £1.498 million. This situation will be kept under close review during quarter four, 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 submitted a claim for circa £2.6 million from the scheme for 2021/22.

Based on the position to 31 December 2021 service groupings are forecasting a net overspend of £14.217 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 £22.882 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 £7.224 million – giving a net COVID-19 related position of a £15.658 million overspend. This position is a £0.996 million improvement since quarter 2 mainly relating to a lower than forecast impact in relation to materials recycling and income losses not being as high as forecast in leisure centres and car parks. When the net COVID-19 overspend is excluded there is a forecast cash limit underspend of £1.441 million across all service groupings.

The forecast COVID-19 overspending across the various service groupings is fully offset by the circa £18.2 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 £2.5 million below the grant funding the council expects to receive, which is an improved position on that forecast at quarter two when the net impact was forecast to be £0.5 million below the grant funding provided. This reflects a £1 million improvement in net spending and £1 million of additional grant from the Sales, Fees and Charges Income Guarantee Scheme.

Overall it is estimated that the council's 2021/22 budget will be underspent by £5.856 million, representing 1.3% of the net expenditure budget of £461.251 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 initial lifting restrictions at the beginning of quarter two and the changes implemented in December following the outbreak of the Omicron variant.

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. 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 £1.441 million is around 0.31% 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 updated quarter three forecast of outturn indicates a cash limit underspend of £0.189 million for Adult and Health Services and a cash limit overspend of £2.210 million for Children and Young People's Services after this budget transfer has been actioned. Consideration will need to be given at final outturn as to how this Children and Young People's Services deficit cash limit reserve position is addressed. Previously, cash limit overspends in Children and Young People's Services have necessitated a transfer from general reserves.

In terms of sums outside the cash limit, there is a forecast underspend of £4.415 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 £38.458 million in 2021/22, from £245.532 million to £207.074 million. The forecast at quarter two indicated that total earmarked and cash limit reserves (excluding school reserves) were forecast to reduce by £36.559 million in 2021/22, to £208.973 million.

A review of all reserves has enabled the realignment of £14.9 million of cash limit and earmarked reserves enabling the investment of earmarked reserves in council priorities. This includes £10 million transfer into the Members' Initiatives Reserve supporting additional investment and £4.9 million to replenish corporate reserves as factored into MTFP(12) and the 2022/23 budget agreed by Council on 23 February 2022.

The forecast cash limit and general reserves position is a prudent one given the significant financial uncertainties facing local government beyond 2022/23. The MTFP(12) report to Council on 23 February 2022 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £29.987 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 £158.979 million, with the capital budgets having been augmented with reprofiled budget from underspending against the 2020/21 capital programme.

To the end of quarter three, the council has delivered savings totalling £4.805 million, which is 90% of the £5.312 million target for the year.

## **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 31 December 2021 against the 2021/22 targets and the total savings that will have been delivered since 2011.

## **Bus Service Improvement Plan and Concessionary Fares Budget**

### **Summary**

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth to consider whether the County Council should support some of the bus services across County Durham which are no longer commercially viable due to uncertainty of Government support and reduced passenger numbers as a result of the Covid pandemic, in the short-term, using budget received from Government for the concessionary fares scheme which would otherwise not be required for that purpose.

In October 2021, Cabinet was advised of progress on formulating a Bus Service Improvement Plan (BSIP) in response to the Government's National Bus Strategy which highlighted our commitment to improving Public Transport. Local authorities were encouraged to submit ambitious bids to what was then heralded as a £ 3 billion investment in bus services.

At that time, it was envisaged that with an increasing return to more normal life, bus patronage would continue to recover closer to pre-pandemic levels. The current position however is that passenger numbers remain subdued, temporary Government support for the industry is set to be withdrawn and the amount of future national funding available is likely to be significantly reduced with the timing of any announcement yet to be confirmed.



Against this backdrop, bus companies across our region are starting to plan for the new financial year with no guarantees of financial support from Government either in the short or medium term. As a result, without intervention, we currently expect cuts to bus services across the region of around 10% which would impact directly on people accessing employment, education, and other essential services.

If these cuts go ahead, they will vary significantly across the County. Some areas may experience a reduction in frequencies, others a loss of evening or weekend services, and a minority will see entire services curtailed. By contrast some communities may see no change at all.

However, there are short term options for Durham to support bus services using savings within the Concessionary Fares budget to allow time for Government interventions to be confirmed and the full state of a post Covid transport system can start to emerge.

## **Decision**

The Cabinet agreed that:

- (a) the contents of the report be noted together with the potential impacts of the respective funds set to be announced in March;
- (b) short term support be given to bus services in County Durham by redirecting funding from the Concessionary Fares budget which is forecast to underspend by £1.934 million during 2022/23.

## **Public Space Protection Order – Durham City**

### **Summary**

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided an overview of the powers, benefits and risks available under a Public Space Protection Order (PSPO) and sought agreement to a consultation on a proposed new behaviours and actions to be included in the existing Public Space Protection Order (PSPO) to help control aggressive/anti-social type begging in Durham City.

A PSPO can be an effective tool to tackle anti-social type behaviour in areas where it has been evidenced that there is a persistent and ongoing problem that is having an adverse impact on residents, businesses, and visitors.

Introducing a PSPO for specific activities does not guarantee that the problem will be completely eradicated and should only be used along with a range of other intervention methods including education and, consideration should also be given to the resources to enforce such an order.

Some types of activities can generate negative reputational concerns for both the Local Authority and the local areas where the PSPOs are proposed/in force. There is a PSPO currently for the centre of Durham City for the consumption of alcohol outside premises which is due to run until July 2022 and requires a review.

## **Decision**

The Cabinet:

- (a) agreed that a full consultation exercise is undertaken to gauge the level of public support and to gather evidence on the merits of introducing a new activity to control aggressive begging which could be introduced as a new Public Space Protection order in Durham City;'
- (b) agreed to a consultation exercise which will allow for a full review of the existing PSPO in Durham City which limits the consumption of alcohol.

## **Review of Community Engagement and Funding Processes**

### **Summary**

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided Cabinet with an outline of a planned review of the community engagement and funding processes currently provided by Area Action Partnerships (AAPs) and which set out the scope of the review, governance arrangement and proposed timescales for its completion.

The Council carries out a number of community engagement functions across its services. One of the vehicles that is used to engage with the public is through Area Action Partnerships (AAPs). AAPs have been in operation since 2009 when the new Unitary County Council was established. AAPs have been a key way of engaging on a more local level across a large Council area comprising over 530,000 people.

Since then, the Council's community engagement work has constantly evolved in terms of new work areas, management of budgets and new approaches to engage with the community, including providing a local response to the COVID pandemic and local resilience support to Storm Arwen and Storm Malik.

There is a need for the Council to ensure it effectively discharges its duty to consult with the public on important local decisions and also there is the opportunity to enhance the support provided to local Elected Members in their community champion role.

Over recent years national and local agendas have changed and innovation needs to continue. We need to ensure that our community engagement mechanisms are fit for the future and that they continue to meet the corporate needs of the Council and our key partners and deliver outcomes for our communities and Councillors. For example, there is an exciting opportunity to look at how we could potentially enhance more 'area based' delivery across our communities. This review will look at a series of issues and key questions to ensure that we can respond appropriately.

## **Decision**

The Cabinet noted the content of the report and agreed:

- d) the principle of undertaking a review of the Council's community engagement functions, including the work of AAPs;
- e) the scope of the review set out in paragraphs 29 – 31 of the report;
- f) the proposed review timescales set out in paragraph 44 of the report;
- g) the review governance arrangements set out in paragraphs 38 – 41 of the 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 12.**

**Feasibility Study Outcomes: Refurbishment and Re-use of the Former DLI Museum and Art Gallery Building at Aykley Heads  
[Key Decision No. REG/02/22]**

**Summary**

The Cabinet considered a report of the Corporate Director of Regeneration and Economic Growth on the further feasibility studies that have been undertaken following agreement by Cabinet in September 2021 to consider the options for refurbishment and reopening of the former DLI Museum and Art Gallery (DLIMAG) and grounds. The report set out an approach to bring it back into use as an exhibition centre, gallery and café venue with appropriate reflective and contemplative grounds.

**Decision**

That the recommendations in the report be approved.

Helen Lynch  
Head of Legal & Democratic Services  
18 March 2022