Cabinet

Date **Wednesday 13 July 2022**
Time **9.30 am**
Venue **Council Chamber, County Hall, Durham**

Business

Part A

Items which are open to the public and press

1. Public Questions
2. Minutes of the meeting held on 15 June 2022 (Pages 3 - 6)
3. Declarations of Interest

Key Decision:

4. Proposal to close Forest of Teesdale Primary School on 31 August 2022 - Report of Corporate Director of Children and Young People's Services [Key Decision: CYPS/03/2022] (Pages 7 - 36)

Ordinary Decisions:

5. Treasury Management Outturn Report 2021/22 - Report of Corporate Director of Resources (Pages 37 - 50)
6. 2021/22 Final Outturn for the General Fund and Collection Fund - Report of Corporate Director of Resources (Pages 51 - 104)

Key Decision:

7. Medium Term Financial Plan(13), 2023/24 - 2026/27 and Review of the Local Council Tax Reduction Scheme - Report of Corporate Director of Resources [Key Decision: CORP/R/22/01] (Pages 105 - 140)

Ordinary Decisions:

8. Storm Arwen review - Report of Corporate Director of Neighbourhoods and Climate Change (Pages 141 - 208)

9. UK Shared Prosperity Fund Investment Plan - Report of Interim Corporate Director of Regeneration, Economy and Growth (Pages 209 - 228)

10. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

11. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

12. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

Helen Lynch
Head of Legal and Democratic Services

County Hall
Durham
5 July 2022

To: **The Members of the Cabinet**

Councillors A Hopgood and R Bell (Leader and Deputy Leader of the Council) together with Councillors T Henderson, S McDonnell, J Rowlandson, E Scott, P Sexton, A Shield, J Shuttleworth and M Wilkes

Contact: Michael Turnbull **Tel: 03000 269714**

Durham County Council

At a Meeting of **Cabinet** held in the **Council Chamber, County Hall, Durham** on **Wednesday 15 June 2022** at **9.30 am**

Present:

Councillor A Hopgood (Leader of the Council) in the Chair.

Cabinet Members:
Councillors R Bell (Deputy Leader of the Council), T Henderson, S McDonnell, E Scott, P Sexton, J Shuttleworth and M Wilkes

Apologies:
Apologies for absence were received from Councillor James Rowlandson and Councillor Alan Shield

Also Present:
Councillors E Adam, J Blakey, C Hood, G Hutchinson and J Nicholson

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 18 May 2022 were agreed as a correct record and signed by the Chair.

3 Declarations of interest

There were no declarations.

4 Climate Emergency Response Plan 2022-24 (Key Decision: NCC/01/22)

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided the second and final annual update on progress of the Council's first Climate Emergency Response Plan (CERP1).

The report also sought agreement for the adoption of the second Climate Emergency Response Plan for the period 2022-24 (CERP2) and to give formal consideration to the introduction of new targets in CERP2, net zero (for copy of report, see file of minutes).

Councillor M Wilkes was full of admiration for the huge amount of work carried out which had culminated in a milestone report which was clear, unambiguous, innovative, and forward thinking.

Councillor R Bell fully supported the proposals set out in the report and explained that there were a number of ‘asks’ from central government within the report, particularly around access to funding.

Resolved:

That the recommendations in the report be approved.

5 Levelling Up Fund: Round 2 (Key Decision: REG/05/22)

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the guidance and bidding requirements to access Round 2 of the Levelling Up Fund.

The report sought approval for the submission of five proposals across County Durham for the parliamentary constituencies of City of Durham, Easington, North Durham, North West Durham and Sedgefield. The report outlined each submission for Round 2 and identified a match funding requirement, including £10 million of Council funding to lever an initial £92 million Levelling Up Fund investment towards the five Levelling Up schemes with a total expenditure of £117 million (for copy of report, see file of minutes).

Councillor E Scott explained that Levelling Up was a flagship policy of central government which the County Council were keen to benefit from. The County Council were demonstrating its commitment by way of match funding and the bids supported employment, growth and would enhance the visitor economy.

Councillor R Bell thanked all staff and Councillors for engaging in what had been a significant and challenging effort. He wished the Council every success with the bids which would deliver real benefits for residents across the County.

Resolved:

The recommendations in the report be approved.

6 County Durham Partnership Update

The Cabinet noted a report of the Corporate Director of Neighbourhoods and Climate Change which provided an update to Cabinet on issues being addressed by the County Durham Partnership (CDP). The report also included updates on other key initiatives being carried out in partnership across the county (for copy of report, see file of minutes).

The Leader of the Council informed Cabinet that the CDP report was full of good news and innovative projects and ideas. The Leader of the Council highlighted examples such as the innovative 'Econ-versation', the power of partnership working evidenced as part of the City of Culture bid, the work carried out in terms of Health and Wellbeing around reducing smoking prevalence and the work of the humanitarian partnership in providing a place of safety for those fleeing conflict in the Ukraine, Afghanistan and Syria.

Councillor E Scott added that the strength of the partnership and the hugely important work the partnership was reflected throughout the report and commended the 'Big Econ-versation', the inclusive and wide-ranging review of community engagement and the extension of the holiday activities with healthy food programme. Councillor Scott added that such initiatives and those highlighted by the Leader of the Council, demonstrated the inspiring nature of partnership working.

Resolved:

That the report be noted.

7 Quarter Four, 2021/22 Performance Management Report

The Cabinet considered a report of the Corporate Director of Resources which presented progress towards achieving the key outcomes of the council's corporate performance framework and highlighted key messages to inform strategic priorities and work programmes, the report also covered the performance to the end of quarter four, January to March 2022 (for copy of report see file of minutes).

The Leader of the Council informed Cabinet that inflation continued to rise steeply, and commentators had suggested that further increases were forthcoming in relation to energy prices. The Leader of the Council highlighted that many households were struggling with the cost of living and this had manifested across the quarter with increased welfare assistance payments, household support payments and test and trace payments.

Occupancy rates in strategic employment sites stood at 95.5% with the NetPark site being fully occupied. County Durham was very much open for business and attracting inward investment was an important priority for the Cabinet.

In other areas, the hospitality and leisure industry had shown signs of growth but would need to be monitored closely due to the cost of living pressures and ultimately people having less disposable income. In terms of health and wellbeing, a multi-agency and partner approach was needed to tackle obesity and other health challenges. There had been a sustained reduction in the number of admissions to adult residential care as people chose to live more independently in their homes.

The Leader of the Council thanked the Corporate Director of Resources for the very comprehensive report and thanked all staff who went above and beyond to deliver services well.

Resolved:

That the report be noted.

8 Cyber Security Strategy

The Cabinet considered a report of the Corporate Director of Resources which provided an overview of the Councils cyber security arrangements and a proposal to adopt a new corporate cyber security strategy for Durham County Council (for copy of report, see file of minutes).

Councillor S McDonnell informed the Cabinet that the Council could not operate without ICT and its substructure. The Council faced thousands of cyber-attacks daily, with hacktivists trying to access data, disrupt business and hold organisations to ransom. Once an organisation had been subject to an attack it took many years for them to recover from such attacks. The corporate cyber security strategy set out how risks were identified and managed, along with the necessary measures the Council needed to take in relation to cyber security.

Councillor R Bell thanked the team for their hard work and explained the very real risks of cyber-attacks and what the Council had to do to combat them. Councillor Bell strongly recommended that all Councillors and staff comply with the strategy which represented a very important update in terms of cyber security.

Resolved:

That the recommendations contained in the report be approved.

Cabinet

13 July 2022

Proposal to close Forest of Teesdale Primary School on 31 August 2022

Key Decision: CYPS/03/2022

Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

Councillor Ted Henderson, Cabinet Portfolio Holder for Children and Young People's Services

Electoral division(s) affected:

Barnard Castle West.

Purpose of the Report

1 To seek Cabinet approval to close Forest of Teesdale Primary School on 31 August 2022, taking account of the Local Authority's duties as prescribed in the Education and Inspections Act 2006 to secure sufficient places and to ensure good outcomes for all children and young people in the local area.

Executive summary

2 Forest of Teesdale Primary School has the lowest pupil numbers of any school in Co. Durham and serves the least populated part of the county. There is currently one child on roll although that pupil is not currently being taught on site.

3 The most recent Ofsted inspection of 8 October 2018 judged the school to be 'Good, but the nature of the improvements required meant that a follow up inspection within 18 months should have taken place. However, COVID has delayed this, and a section 5 inspection is now overdue. The proposed closure of the school has been brought to the attention of the Regional Schools Commissioner with the aim of either delaying the inspection until after 31 August 2022 or eliminating the need for one depending on whether or not Cabinet agrees the proposal.

4 The Ofsted Report identified some improvement priorities relating to curriculum enrichment and consequently the collaboration with the other small schools in what was created to be an ‘Upper Dales Federation’, was necessary to maintain appropriate standards of provision and an appropriate curriculum for all children.

5 Whilst the Federation has worked in terms of enriching the curriculum and providing greater social opportunities for all pupils across all schools, parents/carers have not chosen to enrol their children at Forest of Teesdale Primary School.

6 At a special meeting of the Upper Durham Dales Federated Governing Body held on 11 January 2022, Governors voted unanimously for consultation to commence as soon as possible to close Forest of Teesdale Primary School.

7 It was agreed by the Corporate Director on 9 February 2022, to use their delegated powers to agree the start of a proposal to close the school on 31 August 2022.

8 Following the completion of the initial consultation process, the Corporate Director of Children and Young People’s Services approved the issuing of a statutory notice proposing to close Forest of Teesdale Primary School on 31 August 2022.

9 The statutory notice was issued on 5 May 2022. During the 4 week statutory representation period, no comments were received.

10 As part of the statutory process there are a range of factors that must be considered by Cabinet as the decision maker. These are covered in paragraphs 30 to 40 of this report.

Recommendation

11 Cabinet is recommended to:

(a) agree to close Forest of Teesdale Primary School on 31 August 2022.

Background

12 Forest of Teesdale Primary School, set in the small rural community of Forest-in-Teesdale, has the lowest pupil numbers of any school in Co. Durham and serves the least populated part of the county. There is currently one child on roll although that pupil is not currently being taught on site; no pupils started in Reception in September 2021, and there are no expressions for a 1st preference to start in Reception at Forest of Teesdale Primary School for September 2022. There is no anticipated development in this part of the county that will bring about an increase to these numbers.

13 Since 1945, the County Council has held a lease of the school building, remaining in occupation pending the implementation of the renewal process by the landlords, Lord Barnard, with the lease managed by the Raby Estates. The termination date of the current lease is 31 May 2022, but the agreement will continue until being terminated by providing 3 months' notice. This would incur a rental cost of £562.50 from the date notice is given until the date that the lease ends.

14 The Council is currently in discussions with Raby Estates to identify and agree the scope of work required to the building for it to be handed back to an acceptable standard. A schedule of requirements has very recently been provided by the landlord, which appear reasonable in view of the current condition of the property. The cost of the works required by the landlord will be assessed by the Council and the necessary work put in place to put the property into a condition that allows it to be handed back to the landlord. The terms of the rental agreement mean that these costs will fall to the Council.

15 The most recent Ofsted inspection of 8 October 2018 judged the school to be 'Good. The Ofsted report identified weaknesses and consequently a decision was made to enrich and widen the curriculum for pupils at the school in collaboration with other small primary schools in the upper dales including Wearhead, St John's Chapel and Rookhope Primary schools.

16 The breadth of curriculum and the opportunity for social development of pupils at Forest of Teesdale was the key driver for the Federation with other schools. Governors accept that pupil numbers are unlikely to increase over the next 5 years to enable the breadth of curriculum and social development needs required for the school to be sustainable.

17 When potential financial liability is also a factor, and a school faces a poor future Ofsted outcome due to weaknesses identified that the school does not the capacity to correct, it becomes incumbent on a local authority to take steps to resolve in the best interests of pupil outcomes.

18 Indications, therefore, from pupil data and Ofsted reports show that decisions should be taken promptly to provide sustainable and effective education for the one pupil who is on roll at Forest of Teesdale Primary School.

19 At a special meeting of the Upper Durham Dales Federated Governing Body held on 11 January 2022, Governors voted unanimously for consultation to commence as soon as possible to close Forest of Teesdale Primary School.

20 This view was supported by officers with the Corporate Director of Children and Young People's Services using delegated powers based on a report of 9 February 2022 to agree consultation be undertaken to close the school on 31 August 2022.

21 In undertaking this process, the Council has referred to the Department for Education (DFE) guidance – "Opening and closing maintained schools November 2019". This guidance states that the decision-maker (in this case the Cabinet) needs to be satisfied that appropriate fair and open local consultation has been carried out and that the proposer (in this case the Council's Education Service) has given full consideration to all the responses received. The decision-maker should not simply take account of the numbers of people expressing a view. Instead, they should give the greatest weight to responses from those stakeholders likely to be most affected by a proposal – especially parents of children at the affected school(s).

22 An initial, non-statutory consultation on a proposal to close Forest of Teesdale Primary School on 31 August 2022 was held between 28 February and 10 April 2022. Meetings with Governors of the Upper Durham Dales Federation and staff of Forest of Teesdale Primary School were held on 2 and 7 March 2022. A live event was held over Microsoft Teams on 9 March for parents, the wider community and other stakeholders to hear the proposal explained by senior council officers and for them to ask questions and express views.

23 The responses to the consultation were received and considered by officers in the Council. Of the 22 responses received, 3 (13.6%) respondents strongly disagree with the proposal, 2 (9.1%) disagree with it, 14 (63.7%) strongly agree with it, 3 (13.6%) agree with it.

24 In summary, the main concerns expressed by those strongly disagreeing or disagreeing with the proposal were: closing Forest of Teesdale Primary School could be the catalyst for other small rural schools to close and that parents should be encouraged to send their children to Forest of Teesdale Primary School.

25 Those strongly agreeing or agreeing with the proposal felt that closing Forest of Teesdale Primary School is the only means of providing a sustainable future for education in the Upper Durham Dales area and that the proposal was the correct one due to low pupil numbers and sustainability. The funding required to keep Forest of Teesdale Primary School open could be more effectively allocated across the school system.

Decision to Issue a Statutory Notice

26 After considering all of the consultation responses received, the Corporate Director of Children and Young People's Services agreed to publish proposals to close Forest of Teesdale Primary School. A statutory notice was therefore published on 5 May 2022.

27 Significantly more responses received during the initial consultation period supported the proposal than did not support it as indicated in paragraph 23 of this report. Those respondents opposed to the proposal did not provide evidence of how sustainable numbers could be achieved or alternative viable options to support their preferred option which is to retain Forest of Teesdale Primary School.

28 Once a proposal is published there follows a statutory 4-week representation period during which comments can be made. These must be sent to the Local Authority. Any person can submit representations, which can be objections or expressions of support. The representation period is the final opportunity for people and organisations to express their views about the proposal. Once the representation period has closed (2 June 2022), a decision on the proposal must be made by the decision-maker (in this case the Cabinet) within 2 months, i.e. by 2 August 2022.

Responses to the proposal published on 5 May 2022 (The Statutory Notice Period)

29 No responses were received by the end of the 4-week statutory notice period.

Decision-Making Process - Factors to be considered by Cabinet

Consideration of Consultation and Representation Period

30 Cabinet needs to be satisfied that the appropriate fair and open local consultation and representation period have been carried out and that the proposer (in this case the Local Authority) has given full consideration to all the responses received. If the proposer has failed to meet the statutory requirements, this proposal may be deemed invalid and therefore should be rejected. Consultation was carried out in

accordance with Department for Education (DFE guidance) ‘Opening and closing maintained schools, November 2019.

31 Cabinet must consider all the views submitted, including all support for, and objections to and comments on the proposal. No responses were received during the statutory notice period. The statutory notice published on 5 May 2022, and which expired on 2 June 2022 (the representation period) was prepared in accordance with the regulations and complied with statutory requirements.

Education Standards and Diversity Issues

32 Cabinet should consider the quality and diversity of schools in the local area that pupils from Forest of Teesdale would be displaced to if the school was to close. The one pupil on roll at Forest of Teesdale Primary School has been taught at St. John’s Chapel Primary School since September 2021. This school is also part of the Upper Durham Dales Federation and was judged “Good” in the most recent Ofsted Inspection undertaken in March 2019. Evidence to date suggests that the child is progressing both educationally and socially by being educated in this school.

33 The proposal to close Forest of Teesdale Primary School will have a positive impact for students, their families, and staff. The significantly low pupil numbers prevent the school from providing an effective curriculum and also endanger its long term financial viability. It is believed that this proposal provides the best future option for the children, the school, and the community it serves based on educational outcomes, pupil numbers, and sustainable finances.

National Curriculum

34 All maintained schools must follow the National Curriculum unless they have secured an exemption for groups of pupils or the school community. The proposal to Forest of Teesdale Primary School on 31 August 2022 has no impact on this requirement as all schools in County Durham follow the National Curriculum.

Equal Opportunity Issues

35 Cabinet must have regard to the Public Sector Equality Duty (PSED) which requires them to have ‘due regard’ to the need to:

- eliminate discrimination;
- advance quality of opportunity;
- foster good relations;

36 An equality impact assessment (Appendix 2) has been carried out on this proposal. It is evident that there would be limited impact on protected groups of pupils as only one pupil is currently on roll and is not being educated at Forest of Teesdale Primary School.

Travel and Accessibility

37 The pupil currently on roll at Forest of Teesdale Primary School has been taught at St. John's Chapel Primary since September 2021 and is being provided with free home to school transport. Consequently, there will be no increase in travelling time from that currently experienced.

Funding

38 The closure of Forest of Teesdale Primary School will enable pupils to be educated in a larger and more viable establishment. If the school closes, cost-savings of £113,000 per annum will be made. In addition there will also be a saving of £2,250 per year by not renewing the lease with Raby Estates for the use of the building. The termination date of the current lease is 31 May 2022, but the agreement will continue until being terminated by providing 3 months' notice. This would incur a rental cost of £562.50 from the date notice is given until the date that the lease ends.

There will be costs incurred in bringing the building to an acceptable standard as per the terms of the lease with Raby Estates. A schedule of requirements has very recently been provided by the landlord, which appear reasonable in view of the current condition of the property. The cost of the works required by the landlord will be assessed by the Council and the necessary work put in place to put the property into a condition that allows it to be handed back to the landlord. The terms of the rental agreement mean that these costs will fall to the Council.

Rural schools and the presumption against closure

39 DfE guidance – "Opening and closing maintained schools November 2019" states that there is a presumption against the closure of rural schools. This does not mean that a rural school will never close, but the case for closure should be strong and the proposal clearly in the best interests of educational provision in the area. We believe the information provided in this report clearly shows why the proposal is in the best interests of educational provision in this area.

40 When considering the proposal to close Forest of Teesdale Primary School on 31 August 2022, Cabinet must consider:

- The likely effect of the closure of the school on the local community; The primary purpose of a school has to be the

educational provision for pupils attending that school, and as such, the community benefit of the school, whilst a factor to consider, cannot be the primary reason for maintaining the school;

- The proportion of pupils attending the school from within the local community i.e. is the school being used by the local community; There is only one pupil on roll at Forest of Teesdale Primary School, no preferences have been expressed for a place in Reception for September 2022 and there is no projected growth in the area which would result in more pupils attending Forest of Teesdale Primary School;

- Educational standards at the school and the likely effect on standards at neighbouring schools; The most recent Ofsted inspection of 8 October 2018 judged the school to be ‘Good’. The Ofsted report identified weaknesses and consequently a decision was made to enrich and widen the curriculum for pupils at the school in collaboration with other small primary schools in the upper dales including Wearhead, St John’s Chapel and Rookhope Primary schools;

- Whether the school is now surplus to requirements (e.g. because there are surplus places elsewhere in the local area which can accommodate displaced pupils, and there is no predicted demand for the school in the medium or long term); All of the data indicates that there are sufficient places at other schools within a reasonable travelling distance to accommodate the current pupil on roll and there is no predicted demand for places in the future;

- Any increase in the use of motor vehicles which is likely to result from the closure of the school, and the likely effects of any such increase; There will be no increase in the use of motor vehicles as the council is currently providing free home to school transport to the one pupil on roll at Forest of Teesdale Primary School to attend St. John’s Chapel Primary School;

- Any alternatives to the closure of the school. The Upper Durham Dales Federation was created which included Forest of Teesdale of Primary School in an attempt to preserve education in small rural areas. However, whilst the Federation has worked in terms of enriching the curriculum and providing greater social opportunities for all pupils across all schools, parents/carers have not chosen to enrol their children at Forest-of Teesdale Primary School. There is no likelihood of pupil numbers increasing in the future and consequently there is no alternative to closure.

Conclusion

41 As evidenced through this report and the initial 2 February 2022 report to Corporate Management Team, the proposal to close Forest of Teesdale Primary School on 31 August 2022 will have a positive impact for students, their families. The key objective of the proposal is to improve educational outcomes for pupils in the area which have been negatively impacted by the extremely small number of children on roll at the school. This is affecting its ability to offer an effective education and in due course will impact on the financial viability of the school.

42 Schools need to be sustainable to meet the challenges in a rapidly changing educational environment. The objectives of this proposal are to significantly enhance the quality of education provision for children within local communities whilst ensuring choice of provision and curriculum breadth are enhanced. The proposal to close Forest of Teesdale Primary School on 31 August 2022 and for children in that area to be educated in a larger school that allows for more social interaction and which provides a broader education will provide a sustainable model to improve education outcomes in the area. Therefore, educationally it is in the best interests of children and their families.

43 Officers believe this recommendation provides the best future option for the children, the school, and the communities it serves based on educational outcomes, pupil numbers, site issues and sustainable and equitable finances.

44 Should Cabinet agree to close Forest of Teesdale Primary School, it will impact on the amount of funding across the Upper Durham Dales Federation as there will be a reduction of one lump sum to the value of £121,300 and other smaller elements of formula funding. However, the proposal to close the school will result in a fairer distribution of the significant funding currently allocated to educate one pupil.

45 Most responses received during the initial consultation were in support of the proposal. The large majority of responses (77.3%) supported the proposal, and those respondents who do not support it have not suggested alternative practicable solutions for the education of children and young people living in the area.

46 No responses were received to the statutory notice.

Background Papers

- Delegated Decision Reports dated 19 April 2022 and 9 February 2022.

- Corporate Management Team Report dated 2 February 2022 ‘Options for the future of Forest of Teesdale Primary School’.
- Consultation document: ‘Proposal to close Forest of Teesdale Primary School on 31 August 2022’.
- Consultation document distribution list –May 2022
- Public notice: ‘Proposal to close Forest of Teesdale Primary School on 31 August 2022’.

Author(s)

Graeme Plews Tel: 03000 265777

Appendix 1: Implications

Legal Implications

The actions described in this report are intended to comply with the Council's duty to exercise its functions with a view to promoting high standards and the fulfilment of each pupil's learning potential in accordance with S13A of the Education Act 1996.

Finance

Schools are funded through Dedicated Schools Grant and operate to delegated budgets, which are the responsibility of individual school Governing Bodies. The National Funding Formula puts more funding into pupil-led factors than school-led factors, which could create longer term challenges for smaller schools, because the increase in pupil-led funding will be of less benefit to schools with smaller numbers of pupils.

The closure of Forest of Teesdale Primary School will enable pupils to be educated in a larger and more viable establishment. If the school closes, cost-savings of £113,000 per annum will be made. In addition there will also be a saving of £2,250 per year by not renewing the lease with Raby Estates for the use of the building. The termination date of the current lease is 31 May 2022, but the agreement will continue until being terminated by providing 3 months' notice. This would incur a rental cost of £562.50 from the date notice is given until the date that the lease ends.

There will be costs incurred in bringing the building to an acceptable standard as per the terms of the lease with Raby Estates. The Council's Corporate Property Department is currently in discussions with the Raby Estates to agree the landlord's requirements in connection with the termination of the Council's occupation. The cost of the works required by the landlord will be assessed by the Council and the necessary work put in place to put the property into a condition that allows it to be handed back to the landlord.

There will be costs associated with a compulsory redundancy.

Consultation

Consultation has been carried out in accordance with DfE statutory guidance. The approach to consultation is described in the report.

Equality and Diversity / Public Sector Equality Duty

The proposal to close Forest of Teesdale Primary School is expected to bring about educational improvement for children by them being educated in a larger, more sustainable school in either Teesdale or Upper Weardale.

The focus on improved education outcomes is seen as a positive experience in a child's education and ensures that children who are protected under the Equality and Diversity/Public Sector Equality Duty can maximise their potential.

The main groups affected are children attending Forest of Teesdale Primary School, their families and staff.

Consideration over whether to close Forest of Teesdale Primary School will lead to improved standards and a better curriculum offer.

The proposal to close Forest of Teesdale Primary School will benefit pupils, staff and parents. Education will be provided in a larger establishment which offers greater social interaction to facilitate a positive learning experience for children and provide equal access to all.

The main groups affected are children attending Forest of Teesdale Primary School, their families and staff. An Equality Impact Assessment is included in Appendix 2 to this report.

Climate Change

The recommendation of this report involves increased use of transport from Forest–in-eesdale to St. John's Chapel. This will be more than compensated by the reduction in the number of schools and subsequent reduction in the pupil carbon footprint and use of antiquated heating systems. This will contribute to the Council's net zero carbon target.

Human Rights

Human rights are not affected by the recommendation in this report.

Crime and Disorder

No impact.

Staffing

There will be a compulsory redundancy deemed necessary in relation to the recommendation in this report which will be subject to DCC policies and will be managed in line with HR processes.

Accommodation

The Forest of Teesdale Primary School building is leased by the Council from Raby Estates. Part of the lease states that the property should be "in good and tenantable repair internally and externally". The requirements of Raby

Estates regarding the condition of the building are not yet known, though there is a condition maintenance backlog of £98,684.

Risk

A key risk is that because of actions taken by the Council (including the failure to make timely interventions), pupils do not receive an adequate education.

Procurement

None.

Appendix 2: Durham County Council Equality Impact Assessment

The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Completion of this template allows us to provide a written record of our equality analysis and demonstrate due regard and must be used as part of decisions making processes with relevance to equality.

Please contact equalities@durham.gov.uk for any necessary support.

Section One: Description and Screening

Service/Team or Section	Children and Young People Service
Lead Officer	Graeme Plews, School Places and Admissions Manager
Subject of the impact assessment	Options for the future of Forest of Teesdale Primary School.
Report date (Cabinet/CMT/Mgt team etc)	CYPSMT 27 January 2022 CMT 02 February 2022
MTFP Reference (if relevant)	
Start Date	February 2022
Review Date	At various planned stages within the development of the proposal.

Subject of the Impact Assessment

Please give a brief description of the policy, proposal, or practice as appropriate (a copy of the subject can be attached or insert a web-link)

The purpose of the impact assessment is to provide information for the decision-making process. It is designed to appraise the likely impacts of the proposals on people with characteristics protected under the Equality Act 2010.

This equality impact assessment will assess the potential impact on the two different options, to consider the future provision of education for pupils attending

Forest of Teesdale Primary School. This will ensure that a solution is found to the current challenges associated with falling pupil rolls, the quality of education provision and the breadth and efficiency of the curriculum.

Background

Forest of Teesdale Primary School, set in the small rural community of Forest-in-Teesdale, has the lowest pupil numbers of any Durham school and serves the least populated part of the county. There is currently 1 child on roll in Year 6, though that pupil is being taught at St. John's Chapel Primary School currently; no pupils started in Reception in September 2021, and nobody to date has expressed a 1st preference for their child to start in Reception at Forest of Teesdale Primary School for September 2022. There is no anticipated development in this part of the county that will have the effect of increasing these numbers.

Since 1945, the County Council has held a lease of this building, remaining in occupation pending the implementation of the renewal process by the landlords, Lord Barnard, with the lease managed by the Raby Estates. The most recent lease will lapse on 31st May 2022 and has been extended on an annual basis. This currently is set at, £2,250.

An Atkins condition survey on the school was conducted on 24/03/2017. The outstanding condition backlog on this small building was estimated at £98,664 (not including additional costs that would arise from removal of asbestos, from fees and 24% optimum bias, plus any other necessary mitigations). The terms of the rental agreement mean that these costs will fall to the Council under the arrangement to "At all times to keep premises in good and tenantable repair." The financial obligation of the landlord only extends to: "Pay fair proportion of the costs of the maintenance and repair of septic tank within premises."

The most recent Ofsted inspection (date 08/10/2018) judged the school to be 'Good (minus). This should have involved a follow up inspection within 18 months, however, COVID has delayed this and a section 5 inspection is now overdue.

The Ofsted report identified many weaknesses and consequently a decision was made to enrich and widen the curriculum for pupils at the school in collaboration with other small primary schools in the upper dales including Wearhead, St John's Chapel and Rookhope Primary schools.

This group of schools became a formal Federation from September 2019 all keeping their own individual URN numbers but federating under one governing body.

The table below shows the current and projected pupil rolls for Forest of Teesdale Primary School.

School	Capacity	Projected Rolls					
		NOR 2021/22	NOR 2022/23	NOR 2023/24	2024/25	2025/26	2026/27
Forest of Teesdale Primary	35	1	1	1	1	1	1

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This EIA considers the two options outlined within the report, and the potential impact of each:

- Option 1 - Do nothing, retaining the current education arrangements of the federation in the hope that additional pupils enrol.
- Option 2- Consult on a proposal to formally close Forest of Teesdale Primary School on 31 August 2022;

If the preferred option is to close Forest of Teesdale Primary School, a public consultation process on the closure of the school would be required.

Who are the main people impacted and/or stakeholders? (e.g., general public, staff, members, specific clients/service users, community representatives):
General Public, Governors, Staff, Parents, Pupils, Primary schools within the area, Elected Members, MPs, Neighbouring Schools, Trade Unions, Diocese, Department for Education, Community Groups, Parish Councils, Residents' Associations, AAP Board, Neighbouring Authorities, CAS/DCC Staff

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics[1]?		
Protected Characteristic	Negative Impact Indicate: Yes, No or Unsure	Positive Impact Indicate: Yes, No or Unsure
Age	Unsure (depending on option selected)	Unsure (depending on option selected)
Disability	Unsure (depending on option selected)	Unsure (depending on option selected)
Gender reassignment	N	N
Marriage and civil partnership ('eliminate discrimination' employment only)	N/A	N/A
Pregnancy and maternity	N/A	N/A
Race	Unsure (depending on option selected)	Unsure (depending on option selected)
Religion or Belief	N	N
Sex	Unsure (depending on option selected)	Unsure (depending on option selected)
Sexual orientation	N	N

Please provide **brief** details of any potential to cause discrimination or negative impact. Record full details and any mitigating actions in section 2 of this assessment.

[1] https://www.equalityhumanrights.com/en/equality-act/protected-characteristics

Overall impact on pupils

There will be limited impacts on pupils as only 1 child currently attends Forest of Teesdale Primary School and they are not currently educated on the site. If the process does result in closure, it is possible in the future there will be an increase in travel time for any pupils for who Forest of Teesdale would have been their nearest school.

Positive impacts are likely to occur with improved teaching and learning facilities which will allow increased opportunities for greater social interaction and breadth of experiences, resulting in a positive impact on pupils.

Overall impact on staff

There may be a requirement for staff reductions within the Upper Weardale Federation if option 2 is implemented.

Age

Pupils

There will be no impact as primary education will still be available.

Staff

There will be no impact in relation to staff reductions, as a result of any of option 2 being implemented.

Disability

Pupils

There are no potential impacts associated with transferring schools for the pupil currently on roll at Forest of Teesdale Primary School as that pupil is currently being taught at an alternative school and this arrangement is expected to continue.

Staff

There are no potential impacts on staff in relation to the options proposed.

Sex

Pupils

There are no potential negative impacts associated with transferring schools for the pupil on roll at Forest of Teesdale Primary School as that pupil is currently being taught at an alternative school and this arrangement is expected to continue.

Positive impacts could occur through the options as the pupil will have the opportunity to make new friends and become part of a wider friendship group.

Staff

There are no potential impacts on staff in relation to the options proposed.

Review of equality impact based on specific proposed options

Option 1 – Do nothing retain the current education arrangements of the federation in the hope that additional pupils enrol

If this option was implemented, families in Forest of Teesdale would have a primary school in the village.

In relation to potential equality impacts, option 1 would have a potential positive impact as it would allow pupils to continue to attend a school within their local community which would alleviate any potential stress of travelling to a school outside of their local area for their primary education. However, as highlighted in the report if the situation remains the same, this would have a potential negative impact on the quality of education provided.

Option 2 – Close Forest of Teesdale Primary School on 31 August 2022

If this option was implemented a more sustainable solution to education in the upper dale and enhance the curriculum and learning opportunities for the small number of pupils in this location would be provided.

However, this option would have a potential negative impact in relation to those pupils living in Forest of Teesdale. Pupils would be expected to travel out of their local community to attend a primary school, which may have cost implications for some families if they were not eligible for school transport.

Please provide **brief** details of positive impact. How will this policy/proposal promote our commitment to our legal responsibilities under the public sector equality duty to: • eliminate discrimination, harassment, and victimisation, • advance equality of opportunity, and • foster good relations between people from different groups?
We recognise the need to treat all those involved in the review fairly; in particular we have had regard to the named 'protected' characteristic and our specific duty to carry out our discussions and decision making in ways that eliminate discrimination, advance equality of opportunity and foster good relations; for people who share a relevant protected characteristic; and those who do not.

Evidence

What evidence do you have to support your data analysis and any findings? Please **outline** any data you have and/or proposed sources (e.g., service user or census data, research findings. Highlight any data gaps and say whether or not you propose to carry out consultation. Record your detailed analysis, in relation to the impacted protected characteristics, in the following section of this assessment.
Current data identifies one pupil on roll at Forest of Teesdale Primary School who is being educated in an alternative school.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Are you proceeding to full impact assessment (sections 2&3 of this template) based on the screening (section 1) information provided?	Y

Sign Off

Lead officer sign off:	Date:

Equality representative sign off (where required): S Tracey, C Holt	Date:

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment, please ensure your screening record is **attached to any relevant decision-making records or reports**, retain a copy for update where necessary, and forward a copy to **equalities@durham.gov.uk**

If you are unsure of assessing impact please contact the corporate equalities team for further advice at **equalities@durham.gov.uk**

Section Two: Data analysis and assessment of impact

Please provide details of impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g., benefits for certain groups, advancing equality, as well as the negatives e.g., barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions and any necessary mitigating actions to ensure fair treatment.

Protected Characteristic: **Age**		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
Option 1 This would have a potential negative impact by the school not being able to offer a broad and balanced curriculum and would deny the opportunity for the pupil to form peer groups.	Current data (January 2022) shows the percentages for the following year group: Year 5- 1 pupil	Consultation with young people and parents/cares to understand further the potential issues the options bring. Ensure this EIA is updated as the proposal develops.

Option 2 This option will have a potential positive impact in relation to educational opportunities,facilities and accessibility for children aged 4-11. .		Regular correspondence with pupils, and with parents/carers to ensure that they are aware of changes and able to support their children. Need to consider home to school transport for pupils. If required all school-based staff will be supported by the relevant school policies and procedures.

Protected Characteristic: **Disability**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No impact		

Protected Characteristic: **Gender reassignment**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact		

Protected Characteristic: **Marriage and civil partnership ('eliminate discrimination' employment only)**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No impact		

Protected Characteristic: **Pregnancy and maternity**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact		

Protected Characteristic: **Race**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact.	Current pupil data indicates the pupil on roll at Forest of Teesdale Primary School is White British.	

Protected Characteristic: **Religion or belief**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact		

Protected Characteristic: **Sex**

What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact.	Current pupil data indicates an even split of male/female pupils at the alternative school currently being attended by the pupil on roll at Forest of Teesdale Primary School.	

Protected Characteristic: **Sexual orientation**		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
No potential impact		

Section Three: Conclusion and Review

Summary

Please provide a brief summary of your findings; a summary of any positive and/or negative impacts across the protected characteristics, links to the involvement of different groups and/or public consultation, mitigations and conclusions made.
From the process of equalities impact assessment, it is evident that there would be no potential or actual impact on protected groups of pupils, and staff.

Will this promote positive relationships between different communities? If so how?

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?
As part of the consultation process ensure that we engage with all young people and families to understand the impact.			
Ensure this EIA is updated as the proposal develops			
Regular correspondence with pupils, and with parents/carers to ensure that they are aware of changes and able to support their children.			
Need to consider home to school transport for pupils			

Review and connected assessments

Are there any additional or connected equality impact assessments that need to be undertaken? (If yes, provide details)	
When will this assessment be reviewed? Please also insert this date at the front of the template	As and when the proposal develops.

Sign Off

Lead officer sign off:	Date:
Equality representative sign off (where required):	Date:

Please ensure this equality impact assessment

Cabinet

13 July 2022

Treasury Management Outturn Report 2021/22

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Cabinet Member for Finance

Electoral division(s) affected:

All.

Purpose of the Report

1 To provide an overview of the Councils treasury management outturn performance for 2021/22, including:

(a) summary treasury position – position as at 31 March 2022 and comparator information for the position as at 31 March 2021;

(b) borrowing activity during the year and the position as at 31 March 2022;

(c) investment activity and details of investments held at 31 March 2022;

(d) treasury management indicators – performance against the key indicators adopted;

(e) prudential indicators – performance against the key indicators adopted;

Executive Summary

2 As at the 31 March 2022, the Council held £418 million in external borrowing and £328 million of investments. During the year additional new borrowing of £55 million was taken out. £25 million of this borrowing was with Phoenix Life, representing the final two tranches of a forward borrowing agreement of £60 million arranged in 2017/18 to

secure cost certainty (£15 million in August 2021 and £10 million in February 2022) and £30 million was with the Public Works Loan Board (PWLB), taken in August 2021 to take advantage of low interest costs.

3 All investments made in the year were undertaken in line with both the CIPFA Code and government guidance, which requires the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.

4 The average rate of interest on external loans outstanding at the year-end was 3.25%, with the average rate of interest earned on investments being 0.48%, representing continued low interest rates as the bank base rate remains at historic low levels. Net debt was £90 million at 31 March 2022, which is broadly in line with the position at 31 March 2021, when net debt was £91 million.

5 Throughout the year ending 31 March 2022, the Council has fully complied with its Treasury Management Strategy and underpinning Treasury Management Indicators relating to interest rate exposure, maturity structure of borrowing and sums invested for more than one year. The Council has also fully complied with the Prudential Code Indicators which relate to the capital programme and how much the Council can afford to borrow.

6 The report includes details of the Councils performance against the treasury management and prudential indicators set by County Council on 24 February 2021.

Recommendation

7 Cabinet is asked to note the contents of the report and performance against the Treasury Management Strategy agreed by County Council on 24 February 2021, which will be presented to County Council in September.

Background

8 Treasury management is defined as ‘the management of a local authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks’.

9 The Council operates a balanced budget, which should result in cash raised during the year meeting cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.

10 An important function of the treasury management service is to arrange the funding of the Council’s capital programme. The capital programme provides a guide to the borrowing need of the Council and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and occasionally debt restructuring to meet Council risk or cost objectives.

11 The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council’s capital expenditure plans and in setting its Prudential Indicators (PIs). This requires that Members agree and note the following reports, as a minimum:

(a) An annual Treasury Management Strategy in advance of the year (reported to the County Council on 24 February 2021 for the 2021/22 financial year);

(b) a mid-year Treasury Management Review report (reported to the County Council on 8 December 2021);

(c) an annual review following the end of the year describing the activity compared to the strategy (this report);

12 This report provides a summary of the following:

(a) summary treasury position – position as at 31 March 2022 and comparator information for the position as at 31 March 2021;

(b) borrowing activity during the year and the position as at 31 March 2022;

(c) investment activity and details of investments held at 31 March 2022;

(d) treasury management indicators – performance against the key indicators adopted;

(e) prudential indicators – performance against the key indicators adopted;

Summary Treasury Position

13 The Council's debt and investment position is managed to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.

14 At the beginning and end of the 2021/22 financial year the Council's treasury position (excluding borrowing by finance leases) was as follows:

	31.03.21	**Rate /Return**	**Average Life**	**31.03.22**	**Rate /Return**	**Average Life**
	£ million	**%**	**years**	**£ million**	**%**	**years**
Total Debt	363	3.43	22.44	418	3.25	23.79
Total Investments	272	0.34	0.33	328	0.48	0.37
Net Debt	91			90		

15 In summary, as at 31 March 2022, the Council held £418 million in external borrowing and £328 million in cash investments a net debt position of £90 million. The cash investments held reflect the receipt of significant Central Government grant funding in year where expenditure will be defrayed in 2022/23, as well as reflecting the additional borrowing taken out by the council to fund capital commitments and lock in low interest rates.

Borrowing Activity

16 At 31 March 2022, the Council held £417.985 million of external loans (excluding borrowing by finance leases), an increase of £54.566 million

from the start of the year. The borrowing position and the change since the start of the year is shown in the following table:

	31.3.21 Balance £ million	In-year Movement £ million	31.3.22 Balance £ million	Average Rate %	31.3.22 Average Life years
Public Works Loan Board (PWLB)	278.972	29.997	308.969	3.17%	18.73
Private Sector	84.278	24.586	108.865	3.47%	38.15
Pension Fund	0.169	(0.017)	0.151	8.15%	6.31
Total borrowing	**363.419**	**54.566**	**417.985**	**3.25%**	**23.79**

17 The Council's chief objective when borrowing is to strike an appropriate risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

18 During the year additional new borrowing of £55 million was taken out. £25 million of this borrowing was with Phoenix Life, representing the final two tranches of a forward borrowing agreement of £60 million arranged in 2017/18 to secure cost certainty (£15 million in August 2021 and £10 million in February 2022) and £30 million was with the Public Works Loan Board (PWLB), taken in August 2021 to take advantage of low interest costs.

Lender	Principal £ million	Interest Rate %	Length Years	Type
PWLB	10.000	1.860	23.00	Maturity
PWLB	20.000	1.650	13.00	Maturity
Phoenix Life	15.000	2.793	50.00	Annuity
Phoenix Life	10.000	2.807	50.00	Annuity

19 No maturity loans were repaid during 2021/22. The principal repayments made were £0.447 million and relate to annuity loan repayments.

20 No debt rescheduling was undertaken during the year as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable due to the premiums that would apply on early redemption.

Other Debt Activity / Long Term Liabilities

21 Although not classed as borrowing, the Council also raised £5.968 million of capital finance for replacement fleet vehicles and equipment via finance leases during the year to 31 March 2022. There was a further increase in liabilities of £2.707million, arising from a recalculation of the liability for phase two buildings at Freeman's Reach, Durham City, following a five yearly rent review.

22 Total debt other than external borrowing stood at £82.739 million on 31 March 2022, taking total debt to £500.724 million. A breakdown of debt other than external borrowing is summarised below:

Lender	Position at 31 March 2021 £ million	Position at 31 March 2022 £ million	In Year Movement £ million
School PFI	36.562	35.670	(0.892)
Vehicle Finance Leases	11.705	11.998	0.293
Other Finance Leases	33.182	35.071	1.889
Total	**81.449**	**82.739**	**1.290**

Investment Activity

23 The Council has held significant funds that it has invested, representing funds received in advance of expenditure plus balances and reserves held. During 2021/22, cash investment balances ranged between £325 million and £478 million.

24 As at 31 March 2022 the Council held cash investments totalling £327.809 million. The following table provides a breakdown of these investments split by the type of financial institution and maturity period.

Financial Institution	0-3 months	3-6 months	6-12 months	12-24 months	Total
	£ million				
Banks	51.978	88.723	95.751	-	236.451
Building Societies	21.961	13.177	4.392	-	39.530
Central Government	-	-	-	-	-
Other Local Authorities	21.083	13.177	17.569	-	51.828
Money Market Funds	-	-	-	-	-
Total	**95.021**	**115.076**	**117.712**	**-**	**327.809**
% of total	**29%**	**35%**	**36%**	**0**	

25 The Council's investment policy is governed by Department for Levelling Up, Housing and Communities (DLUHC) guidance, which has been implemented in the annual investment strategy approved by County Council on 24 February 2021.

26 Both the CIPFA Code and government guidance requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing public money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

27 The achievement of returns has continued to be challenging during 2021/22. As a result, the budget for investment income from cash balances was underachieved by circa £0.500 million. This shortfall was however made up through additional dividend income received in year.

28 Bank rate rises during the final months of the 2021/22 financial year have seen investment rates rise steadily in the last quarter. The bank base rate rose from 0.10% in December 2021 to 0.75% in March 2022. A further rise to 1% occurred in May 2022 and forecasts anticipate further rises to between 2.00% and 2.50% by the end of March 2023.

29 Whilst bank rate increases have seen returns offered by financial institutions steadily rise, there remains significant liquidity within the markets, slowing these rate rises translating into investment returns. Rates offered on the peer to peer market among local authorities have been significantly lower than many rates available through banks and building societies.

Treasury Management Indicators

30 There are three treasury management activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

(a) **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk when borrowing. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of total borrowed was:

	31.3.22 Actual	**31.3.22 Actual**	**2021/22 Limit**	**Complied**
Upper limit on fixed interest rate exposure	£378.5m	80.5%	100%	✔
Upper limit on variable interest rate exposure	£39.5m	9.5	70%	✔

(b) **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	Lower Limit	**Upper Limit**	**31.3.22 Actual**	**Complied**
Under 12 months	0%	20%	3%	✔
12 months to 2 years	0%	40%	5%	✔
2 years to 5 years	0%	60%	8%	✔
5 years to 10 years	0%	80%	22%	✔
10 years and above	0%	100%	62%	✔

(c) **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments:

	Limit	**As at 31.3.22**	**Complied**
Actual principal invested beyond one year	£75m	£0m	✔

Prudential Code Indicators

31 The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.

32 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

(a) **Capital Expenditure:** The table below summarises capital expenditure incurred and how the expenditure was financed:

	2021/22 Forecast £ Million	**2021/22 Actual £ Million**	**Difference £ Million**
Capital Programme	**158.979**	**143.068**	**(15.911)**
Financed by:			
Capital receipts	7.713	7.364	(0.349)
Capital grants	73.129	60.010	(13.119)
Revenue and reserves	18.286	26.279	7.993
Net borrowing financing need for the year	**59.851**	**49.415**	**(10.436)**

(b) **Capital Financing Requirement (CFR):** The CFR is a measure of the Council's underlying borrowing need for a capital purpose. The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). The actual outturn position compared to the updated estimate reported to Council in February 2022 is set out in the following table:

	2021/22 Estimate £ Million	**2021/22 Actual £ Million**	**Difference £ Million**
Capital Financing Requirement	545,723	534.013	(11.710)

(c) **Actual Debt:** The Council's actual debt at 31 March 2022 compared to the estimate in February 2022 is as follows:

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Difference £ Million
Borrowing	417,974	417.985	0.011
Finance leases	48.341	47.069	(1.272)
PFI liabilities	35.670	35.670	(0.000)
Total Debt	**501.985**	**500.724**	**(1.261)**

(d) **Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The actual outturn position compared to the updated estimate reported to Council in February 2022 is set out in the following table:

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Difference £ Million
Total debt	501.985	500.724	(1.261)
Capital financing requirement	545.723	534.013	(11.710)
Headroom (Internal borrowing)	**43.738**	**33.289**	**(10.449)**

(e) **Operational Boundary:** This is the limit beyond which external borrowing is not normally expected to exceed. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2021/22 Estimate £ Million	2021/22 Actual £ Million	Complied
Borrowing	537.000	417.985	✔
Other long term liabilities	84.000	82.739	✔
Total	**621.000**	**500.724**	✔

(f) **Authorised Limit for external borrowing**: This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act

2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2021/22 Estimate £ Million	**2021/22 Actual £ Million**	**Complied**
Borrowing	587.000	417.985	✔
Other long term liabilities	89.000	82.739	✔
Total	**676.000**	**500.724**	✔

(g) **Actual and estimates of the ratio of financing costs to net revenue stream**: This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2021/22 Estimate %	**2021/22 Actual %**	**Difference %**
Ratio of financing costs to net revenue stream	8.49	7.33	(1.16)

Conclusion

33 The Council has fully complied with its Treasury Management Strategy 2021/22 for its full year activity covering the period to 31 March 2022.

Background Papers

- 24 February 2021 – County Council – Appendix 12: Durham County Council 2021/22 Annual Treasury Management Strategy as part of the Medium Term Financial Plan, 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.

- 8 December 2021 – County Council – Mid Year Treasury Management Review 2021/22.

- 23 February 2022 – County Council – Appendix 12: Durham County Council 2022/23 Annual Treasury Management Strategy as part of the Medium Term Financial Plan, 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23.

Contact:	**Jeff Garfoot**	**Tel:**	**03000 261946**
	Andrew Baldwin	**Tel:**	**03000 263490**

Appendix 1: Implications

Legal Implications

The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and in setting its Prudential Indicators (PIs).

The Council's investment policy is governed by Department of Levelling Up, Housing and Communities (DLUHC) guidance, which has been implemented in the annual investment strategy approved by the Council on 24 February 2021.

Finance

The report details the Council's cash management, loans and investment activity during 2021/22. The report also provides the overall financing of the Council's capital expenditure, along with borrowing and investment income returns.

Consultation

None

Equality and Diversity / Public Sector Equality Duty

None

Climate Change

None

Human Rights

None

Crime and Disorder

None

Staffing

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. Steps are taken to appoint individuals who are both capable and experienced and training is provided to staff to enable them to acquire and maintain an appropriate level of expertise, knowledge, and skills to undertake treasury management activity.

Accommodation

None

Risk

The management of risk is intrinsic to the Councils approach to Treasury Management.

The key objective of the Councils treasury management activities is the security of the principal sums it invests. All investments made in the year were undertaken in line with both the CIPFA Code and government guidance, which requires the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield.

Our counterparty lists and limits on investments with counterparties reflect a prudent attitude towards organisations with whom funds may be deposited. Investment activities are limited to the instruments, methods and techniques referred to in TMP4 : Approved Instruments, Methods and Techniques.

A formal counterparty policy is in place which identifies those organisations from which it may borrow, or with whom it may enter other financing or derivative arrangements.

Procurement

The Council has appointed Treasury Management advisors to support staff involved treasury management activities and to support decision making.

Cabinet

13 July 2022

2021/22 Final Outturn for the General Fund and Collection Fund

Ordinary Decision

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

1 To provide Cabinet with information on the:

(a) final revenue and capital outturn for the General Fund for 2021/22;

(b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2021/22;

(c) use of and contributions to earmarked, cash limit and general reserves in year and at year end together with the closing position regarding balances held at 31 March 2022; and

(d) achievement of Medium Term Financial Plan (MTFP) (11) savings targets in 2021/22.

Executive summary

2 Since the outbreak of the COVID-19 pandemic in early 2020, the council, its partners, local businesses, and local communities have worked tirelessly to respond to it and put plans in place for the restoration and recovery of services post-pandemic.

3 The financial impact of COVID-19 in 2021/22 was again significant and complex, which has made forecasting the council's outturn position even more challenging than usual during the year.

4 The longer-term financial impact of the pandemic into the current year and beyond remains uncertain at this stage. The risk in this regard will be considered and assessed in MTFP Cabinet reports going forward.

5 Since the outbreak of COVID-19, the council has had to implement a range of national support schemes at short notice such as the various Business Rates Grants Support Schemes; the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; Infection Control Schemes and Contain Outbreak Management schemes. In addition, the council has implemented a range of supplier relief schemes and has addressed increased demand for support to vulnerable households whilst trying to accommodate new ways of working in response to the pandemic.

6 In 2021/22 service grouping budgets overspent by a net £14.110 million. Within this there was net additional expenditure and loss of income associated with the COVID-19 outbreak of £20.372 million, offset by COVID-19 related underspends of £5.904 million in year (relating to the closure of facilities and disruption to normal activity as a result of the pandemic), resulting in a net COVID-19 additional expenditure of £14.468 million charged to service groupings. Excluding this COVID-19 related net expenditure, which was funded corporately from the government grant funding received in year, the service grouping underlying cash limit position was an underspend of £0.358 million.

7 The government provided non ringfenced funding to local authorities in 2021/22 for the additional costs incurred as a result of COVID-19. The funding allocated to the council for 2021/22 was £15.560 million.

8 The council submitted returns for support under the government's Sales Fees and Charges Income Guarantee Scheme for three months to 30 June 2021. The scheme required councils to bear the first 5% of any qualifying income loss after which the government provides a grant for 75% of subsequent losses. The council claimed circa £2.650 million from the scheme for 2021/22, bringing the total COVID-19 funding support from government to £18.210 million for 2021/22, which is £3.742 million more than the net COVID-19 costs incurred.

9 Throughout the year it has been difficult to forecast the outturn position for 2021/22 and a wide range of assumptions had to be applied in formulating the quarterly forecast reports in year in relation to expenditure and income due to uncertainty around the ongoing impact of COVID-19 restrictions following the initial lifting restrictions at the beginning of quarter two and the changes implemented in December following the outbreak of the Omicron variant.

10 There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that will have an as yet unquantified financial pressure. The Cash Limit and General Reserves will potentially be required to meet any shortfalls in the funding that ultimately arises in this regard whilst longer term strategies are implemented.

11 Budget pressures relating to inflationary pressures in the energy, transport, and waste management markets have been managed during 2021/22 within the general contingency budget but this position will need to be kept under review as forecasts would indicate that significant overspends will manifest in these budgets in 2022/23. A further corporate risk relates to pay inflation in 2022/23. Broader inflationary pressures will need to continue to be managed within service cash limits in 2022/23 and into future years.

12 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. A separate report on the agenda today seeks to update those forecasts and show a deterioration (increased deficit) across the period 2022/23 to 2025/26.

13 The final revenue outturn position for 2021/22 is a net service grouping cash limit underspend of £0.358 million and additional s31 government grant income received plus an underspend on other corporate budgets totalling £11.067 million. This includes surplus COVID-19 grant funding of £3.742 million, underspending against corporate contingencies (the pay award was 0.25% less than budgeted in 2021/22 for example) and additional investment income due to unbudgeted dividends received in year and higher level of cash balances being held as significant government grant funding was paid in advance of expenditure being incurred. The total net underspend is £11.425 million which represents 2.48% of the revised net expenditure budget of £461.251 million.

14 The year-end underspend position has enabled the creation and replenishment of £11.332 million of earmarked and cash limit reserves as part of the final account's closedown process.

15 Total general, earmarked and cash limit reserves (excluding school reserves) reduced by a net £10.258 million in 2021/22, from £271.685 million at 31 March 2021 to £261.427 million at 31 March 2022. This is less than what was forecast at quarter 3 and reflects the receipt of government funding in March where expenditure will be defrayed in 2022/23.

16 The general reserve at 31 March 2022 is £25.898 million, which is broadly in line with the position at 31 March 2021 – a slight reduction in year of £0.255 million – and within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement, which in cash terms is between £23.336 million and £35.005 million. The £25.898 million balance at 31 March 2022 equates to 5.55% of the 2022/23 net budget requirement.

17 During the year, a review of all reserves enabled the realignment of £14.9 million of cash limit and earmarked reserves enabling the investment of earmarked reserves in council priorities. This included a £10 million transfer into the Cabinet Priorities Reserve supporting one off investment priorities 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.

18 At year end a further review of reserves has enabled a number of adjustments to be made as part of the final accounts' closedown. A new Budget Support Reserve has been created to offset the overspends manifesting in 2022/23 as a result of inflationary pressures, alongside transfers into the Climate Change Earmarked Reserve, the corporate ERVR Reserve (in anticipation of further staffing reductions across MTFP13) and the Culture Reserve.

19 In terms of the capital programme, the final capital outturn position for 2021/22 is an underspend of £15.911 million, which is 10% of the revised capital budget of £158.979 million agreed by Cabinet in March.

20 In 2020/21, the government introduced regulations identifying that the financial impact of any 2020/21 in year Collection Fund deficit for council tax and business rates must be spread over three years. Across the three years 2021/22 to 2023/24, the government provided 75% grant support for the 2020/21 in year deficit position.

21 The final outturn for the Council Tax Collection Fund is a deficit of £5.772 million after accounting for the second instalment of the phasing of the 2020/21 deficit (£1.907 million). Durham County Council's share of this net deficit is £4.867 million. The outturn position is broadly in line with the Quarter 3 forecast presented to Cabinet in March.

22 The final outturn for the Business Rates Collection Fund is a net deficit of £10.007 million after taking into account the 2020/21 undeclared surplus of which Durham County Council's share (49%) is £4.903 million.

23 The £7.823 million council's share of the in year business rates deficit, (excluding the surplus brought forward from 2020/21) is offset in the General Fund by the receipt of additional Section 31 grants of £9.166

million, leaving a net in year surplus of £1.343 million at year end, which is an improved position compared to the Quarter 3 forecast.

24 The in year collection of Council Tax and Business Rates increased from 2020/21 as a result of re-instating of formal recovery action from June 2021.

25 In 2021/22 the council delivered MTFP(11) savings totalling £5.312 million, which was 100% of the target for the year. As at 31 March 2022, since 2011, the council has delivered over £248 million in savings / budget reductions to balance its budgets.

Recommendations

26 It is recommended that Cabinet note:

(a) the final revenue outturn underspend of £11.425 million which represents 2.48% of the revised net expenditure budget of £461.251 million;

(b) the net decrease in the Cash Limit Reserves of £4.208 million during 2021/22 (following General Fund funding of CYPS in year Cash limit overspend), with closing Cash Limit Reserves of £11.565 million. These sums will continue to be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively;

(c) the closing General Reserve balance of £25.898 million, which is within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement;

(d) the closing balance on Earmarked Reserves (excluding Cash Limit and Schools Reserves) is £223.964 million, which includes the creation and replenishment of earmarked reserves at year end;

(e) the closing balance on Schools Reserves of £34.276 million;

(f) the outturn position for the Collection Funds in respect of Council Tax and Business Rates.

(g) the amount of savings delivered during 2021/22 of the MTFP(11) period.

(h) The emerging inflationary pressures that have been managed within contingencies during 2021/22 and the requirement to manage via reserve and service cash limits going forward.

27 It is recommended that Cabinet approve:

(a) that the capital budget underspend of £15.911 million is carried forward into 2022/23;

(b) that service groupings continue to regularly review capital profiles throughout 2022/23, reporting revisions to Cabinet as necessary.

Background

28 The longer-term financial outlook for the council will continue to be extremely uncertain until the Fair Funding Review is concluded and detailed national policy around the new Health and Social Care Levy and Fair Cost of Care requirements (as highlighted in the Comprehensive Spending review) are received.

29 It is unlikely however that there will be clarity in any of these areas until late 2022 at the earliest leading to potential implementation in 2024/25.

30 No detail on links to a Business Rate Reset, further Business Rate Retention (BRR) or consideration of the inclusion of the Public Health Grant in BRR has yet been published therefore significant uncertainty beyond 2022/23 remains. This continues to make accurate medium term financial planning forecasts extremely difficult.

31 There is currently no certainty in terms of the quantum of recurrent funding to be available to local government from 2023/24 onwards, nor how this funding will be apportioned between authorities. It is clear however that there are significant risks to the council's funding depending on the principles that are ultimately agreed for fair funding distribution.

32 The COVID-19 outbreak has also continued to have a significant financial impact on the council during 2021/22. The council has faced further challenges and budget pressures in relation to the continuing response to the pandemic and the restoration of services and supporting the post pandemic recovery.

33 More recently, budget pressures relating to inflationary pressures in the energy, transport and waste management markets have emerged. These have been managed during 2021/22 within the general contingency budget but this position will need to be kept under review as forecasts would indicate that significant overspends will manifest in these budgets in 2022/23. A further corporate risk relates to pay inflation in 2022/23. Broader inflationary pressures will need to continue to be managed within service cash limits in 2022/23 and into future years.

34 National support schemes implemented in 2020/21 by the council continued into 2021/22. These included 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 as well as dealing with and implementing a range of supplier relief schemes whilst addressing increased demand for support to vulnerable households

whilst trying to accommodate new ways of working itself in response to the pandemic.

35 The longer-term financial impact of the pandemic remains uncertain at this stage. There will potentially be a range of interventions required by the council and ongoing impacts post pandemic that will have as yet unquantified financial pressures. Cash Limit Reserves and the General Reserves will potentially be required to meet any shortfalls in the funding that will be available.

36 The risk in this regard will be considered and assessed in future MTFP(13) Cabinet reports

37 On 24 February 2021, County Council agreed a net revenue budget of £441.131 million for 2021/22. Factoring in any reductions in Government grant, inflation, and other budget pressures, £5.312 million of savings were required in 2021/22 to deliver a balanced budget, alongside the application of £8.778 million of reserves.

38 This report provides an update on the delivery of the £5.312 million MTFP(11) savings target included in the 2021/21 budgets, which brings the overall savings target for the period from 2011/12 to 2021/22 to circa £248 million. All £5.312 million savings were achieved in 2021/22.

39 Quarterly forecast outturn reports have been considered by Cabinet throughout the 2021/22 financial year. Detailed reports on individual service groupings have also been considered by the various Overview and Scrutiny Committees on a quarterly basis.

40 This final outturn for 2021/22 has been prepared as part of the production of the Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director of Resources is required to make a number of technical decisions in the best financial interests of the Council. Such decisions are fully disclosed in the Statement of Accounts.

General Fund Outturn

41 This section of the report details the following:

(a) cash limit outturn for service groupings;

(b) overall revenue outturn for the General Fund with summarised service grouping commentary;

(c) overall capital outturn of the General Fund with summarised service grouping commentary.

Cash Limit Outturn for Service Groupings

42 The overall outturn for the council is shown in Appendix 2 which details how the cash limit outturn for each service grouping is calculated. Two key elements have been excluded from the service grouping outturn when calculating the cash limit outturn as detailed below:

(a) **Sums Outside the Cash Limit**

Certain expenditure and income items are excluded from the Cash Limit for a range of reasons. Examples of these are as follows:

(i) items not controlled by the service groupings e.g., technical accounting entries such as capital charges and central administration recharges processed at year end;

(ii) exceptional items and expenditure pressures which were not accounted for in the service grouping base budget build and which are funded from contingencies or earmarked reserves held corporately e.g., redundancy and early access costs linked to restructuring activity to achieve MTFP savings proposals, the outcome of the 2021/22 pay agreement; and

(iii) COVID-19 related expenditure and income losses in year which were met from a received non ring fenced COVID-19 grant support from government to address general expenditure pressures and the Income Guarantee Scheme to support lost income. In total non-ring-fenced funding of £18.2 million was received in 2021/22;

(b) **Use of or Contribution to Earmarked Reserves**

Sums that service groupings have utilised or contributed to earmarked reserves have been excluded from their outturn position in order to calculate the year end cash limit position.

43 After taking into account the above exclusions, four of the service groupings generated a cash limit underspend in 2021/22 whilst one service grouping overspent. Children and Young People's Services (CYPS) did not have a cash limit reserve balance to call on and have overspent in year by £3.771 million. To prevent a deficit cash limit reserve being carried forward General Reserves have been drawn on. Further details can be found within service grouping commentary.

44 Overall, in 2021/22 there was a net reduction to cash limit reserves of £4.208 million, with the balance carried forward at 31 March 2022 being

£11.565 million. The cash limit position for each service grouping is detailed in the table below:

Type of Reserve	Opening Balance as at 1/4/21	Budgeted Use at 1/4/21	Movement during 21/22		Closing Balance as at 31/3/22
			Contribution to (-)/ Use of Approved Quarter 3	Year end Outturn as at 31/3/22	
	£million	£million	£million	£million	£million
Service Grouping Cash Limit					
Adult and Health Services	-10.451		4.494	-0.192	-6.149
Chief Executive's Office (CEO)	-0.135		0.135	0.000	0.000
Children and Young People's Services	0.000			3.771	3.771
Neighbourhoods & Climate Change	-1.294		0.400	-0.563	-1.457
Regeneration, Economy & Growth	-1.431		0.417	-1.854	-2.868
Resources	-2.462	0.094	2.797	-1.520	-1.091
Total Cash Limit Reserve	**-15.773**	**0.094**	**8.243**	**-0.358**	**-7.794**
CYPS Overspend funded by General Reserve					**-3.771**
Total Cash Limit Reserve					**-11.565**

45 During the year, a review of all reserves enabled the realignment of £14.9 million of cash limit and earmarked reserves enabling the investment of earmarked reserves in council priorities. This included a £10 million transfer into the Cabinet Priorities Reserve supporting one off investment priorities 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.

46 In closing the accounts for 2021/22, a further review of all reserves has been undertaken. This review has identified a range of areas where it is estimated additional expenditure will be required on a one off basis in the future. Consequently, the following earmarked reserves have been created / replenished as part of the final accounts closedown process:

(a) **New Budget Support Reserve £10.0 million** – this reserve will provide budget support where inflationary costs significantly

exceed original budgets. The pre-existing Budget Support Reserve was set aside to support the MTFP. The £15.2 million balance on the pre-existing Budget Support Reserve has been transferred into a new MTFP reserve. This reserve will support the MTFP on an ongoing basis whilst the new Budget Support Reserve will support budgets in year where inflation is impacting significantly upon the 2022/23 outturn;

(b) **Cultural Events Reserve £3.0 million** – the transfer to this reserve will augment existing funding of £2.0 million and provide £5.0 million of funding to support a cultural events programme that will still be implemented despite the 2025 City of Culture Bid outcome;

(c) **Climate Change Reserve £0.322 million** – this will increase the value of this reserve at 31 Match 2022 to £1 million, which is available to support projects within the Climate Emergency Response Plan to help achieve our carbon reduction targets;

(d) **ER/VR Reserve £2.007 million** – this will increase the value of this reserve to £6.044 million, to provide additional capacity to meet the cost of approved redundancy and early retirements in anticipation of further downsizing required to help balance budgets going forward.

47 Transfers to the above earmarked reserves total £15.329 million and along with the funding of the CYPS Cash limit overspend of £3.771 million, resulted in a total £19.100 million of transfers between reserves at year end. These transfers have been enabled by the underspend position on the General Fund in 2021/22, to the value of £11.322 million, plus a transfer from other Earmarked Reserves (Insurance, Recovery Support and Collection fund deficit) of £7.778 million at year end.

48 In 2021/22, the council received £22.068 million in Section 31 grants from central government to compensate for the lost business rate income which will impact the general fund in future years. The grant has been transferred to the Collection Fund Deficit Reserve to be utilised in 2022/23 and 2023/24.

Revenue Outturn

49 Appendix 2 provides a more detailed outturn position for the council's general fund by service grouping. In addition, Appendix 3 provides a detailed outturn position for the council by type of expenditure and income. The following table provides a summary of the final outturn position.

	£ million	£ million
Gross expenditure		1,645.771
Gross income		-1,188.562
Net Expenditure		**457.209**
Financed by:		
Council Tax	-241.266	
COVID-19 Support Grant tranche 5	-15.560	
COVID-19 Income Guarantee Grant	-2.652	
Estimated net surplus (-) / deficit on Collection Fund	22.380	
Business Rates	-57.649	
Top up grant	-72.780	
Revenue Support Grant	-28.227	
Lower Tier Services Grant	-0.747	
New Homes Bonus	-4.476	
Section 31 Grant	-22.068	
Adult/Childrens Pressures Grant	-22.888	
Net contribution from Cash Limit Reserve	-7.983	
Use of (-) / contribution to earmarked reserves		
Schools and DSG	0.045	
Non-schools	-14.405	
Net contribution to the General Reserve	11.067	
		-457.209

50 The final outturn position for 2021/22 was an underspend of £11.425 million. The table below details the transfers to reserves:

	£ million
2021/22 underspend transferred to General Reserve	-11.067
2021/22 underspend transferred to Cash Limit Reserves	-0.358
Total 2021/22 Underspend	**-11.425**

51 The final outturn position for the Council's General Reserve is detailed below:

	£ million
Opening Balance as at 1 April 2021	-26.153
2020/21 Net Underspend to General Reserve	-11.067
Less:	
Transfer to Earmarked Reserves	7,551
Transfer to CYPS cash limit reserve	3.771
Closing General Reserve Balance at 31 March 2022	**-25.898**

52 The general reserve balance carried forward of £25.898 million is within the council's general reserves policy of retaining a balance of between 5% and 7.5% of the net budget requirement, which in cash terms is between £23.336 million and £35.005 million. The £25.898 million balance at 31 March 2022 equates to 5.55% of the 2022/23 net budget requirement.

53 The main reasons for the movement in the general reserve balance during 2021/22 are as follows:

(a) a transfer of £3.771 million to CYPS cash limit reserve at year end to eradicate the negative cash limit reserve balance in year. This negative cash limit reserve has resulted from continued pressure upon the CYPS revenue budget which is detailed later in the report;

(b) net transfers to earmarked reserves totalling £7.551 million as set out at paragraph 46 and 47;

(c) additional net expenditure of £20.408 million incurred as a result of COVID-19;

(d) a slight overspend of £0.182 million (0.47%) in interest payable and similar charges against the budget;

offset by:

(e) COVID-19 related underspends of £5.904 million, due to savings such as: operational building and travelling costs as a

consequence of the majority of the workforce working from home and delays in staff recruitment;

(f) COVID-19 related grant funding from central government of £18.210 million (£15.56 million COVID-19 grant and £2.65 million from the Income Guarantee Scheme);

(g) S31 grant and other income being £1.832 million more than budgeted;

(h) interest and investment income - £1.500 million more than budgeted, mainly generated from higher returns on loan investments, additional dividend income from Durham Villages Regeneration Company and higher levels of cash balances being held; and

(i) corporate costs and contingencies - £4.174 million less than budgeted, including the fact that the pay award was 0.25% less than budgeted in 2021/22.

54 The following table shows that in 2021/22 the total non schools reserves decreased by 3.77%, from £271.685 million to £261.427 million.

Total Non-School Reserves

	General Reserve	Earmarked Reserves	Cash Limits	TOTAL
	£ million	**£ million**	**£ million**	**£ million**
Opening Balance at 1 April 2021	-26.153	-229.759	-15.773	-271.685
Net Contribution to (-) / Use of Reserves	0.255	5.795	4.208	10.258
Closing Balance at 31 March 2022	**-25.898**	**-223.964**	**-11.565**	**-261.427**

55 The total schools' balances and DSG reserves decreased from £35.298 million to £34.276 million during 2021/22.

56 Schools' balances increased slightly from £31.174 million to £31.219 million, however, the DSG High Needs Block (HNB) cumulative deficit balance, which is held in the DSG unusable reserve increased during the year by £0.796 million to £8.843 million. The five-year plan to recover the accumulated deficit continues and adjustments will be made at each year end to recover these accumulated deficits over the coming years.

Schools Balances and Centrally Held DSG Reserves

	Schools Balances	Centrally Held DSG	TOTAL
	£ million	**£ million**	**£ million**
Opening Balance at 1 April 2021	-31.174	-4.124	-35.298
Contribution to (-) / use of Reserves	-0.045	1.067	1.022
Balance at 31 March 2022	**-31.219**	**-3.057**	**-34.276**

57 Appendix 4 details the movement on earmarked reserves during 2021/22.

Service Grouping Commentary

58 A summary of the outturn for each service grouping is provided below. Detailed outturn reports will be provided to the relevant Overview and Scrutiny Committees.

Adult and Health Services (AHS)

59 The 2021/22 outturn for Adult and Health Services (AHS) is a cash limit underspend of £0.192 million, representing circa 0.15% of the total budget for AHS. The outturn takes into account adjustments for sums outside the cash limit including redundancy costs which are met from the corporate reserve, year-end capital accounting entries and contributions to earmarked reserves. COVID-19 related expenditure and income and any COVID-19 related underspends have also been excluded from the cash limit outturn.

60 The cash limit outturn compares to the previously forecast position at Quarter 3 of £0.189 million under budget, so is broadly in line with the Quarter 3 forecasts.

61 The outturn is a managed position, reflecting the proactive management of activity by Heads of Service across AHS to remain within the cash limit. The outturn position is accounted for as follows:

(a) Careful management and control of vacant posts and supplies and services budgets across the service together with uncommitted budgets has created a net under budget of £1.931 million;

(b) Net spend on adult care packages was £1.739 million over budget. This includes the approved in year 10% increase on the domiciliary care fee rate. This area of spend is being closely monitored to assess the ongoing impact of COVID-19, which has seen a reduction in care home placements but an increase in domiciliary care, as well as ongoing demographic and procedural/operational changes, where significant MTFP savings have been taken over recent years;

(c) Net expenditure on Public Health-related activity is in line with grant allocations, with any under or overspending transferred to an earmarked Public Health grant reserve.

62 In arriving at the outturn position, the service had £3.147 million of additional costs and lost income relating to COVID-19 and £1.335 million of COVID-19 related underspends in the year. The net COVID-19 impact was £1.812 million, which has been met corporately by utilising central government grants.

63 The following items have been excluded from the outturn in arriving at the cash limit at the year-end:

(a) Contribution of £0.538 million to the Adult Social Care reserve to fund future projects in adult social care;

(b) Contribution of £0.600 million to Public Health reserves for future Public Health projects;

(c) Contribution of £0.392 million to the Community Discharge Reserve for future projects;

(d) Contribution of £3.547 million to Regional Public Health reserves for future regional public health projects;

(e) Use of £0.179 million of the Corporate Recovery Reserve to meet COVID19 recovery costs;

(f) Use of £0.057 million of the Adults Safeguarding Reserve;

(g) Use of £4,000 of the corporate Insurance Reserve;

(h) Use of £0.537 million of central contingency to meet the 2021/22 pay award costs;

(i) £0.457 million relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges outside the cash limit.

64 Taking the outturn position into account, including the transfers to/from reserves in year, the cash limit reserve carried forward for AHS is £6.149 million as at 31 March 2022.

Children and Young People's Services (CYPS)

65 The revenue outturn for 2021/22 was a cash limit overspend of £3.771 million for the year, representing circa 2.8% of the total net revenue budget for CYPS. This compares to a forecast cash limit overspend at quarter three of £2.210 million. The final position takes into account the in-year £4.5 million budget transfer from AHS. Had this not been actioned the outturn would have been a £8.271 million overspend when compared to the original budget approved by Council in February 2021.

66 The outturn consists of an overspend within Education of £1.539 million and an overspend within Children's Services of £2.232 million. Further details are shown below:

(a) Within the Education Service there was a net cash limit overspend of £1.539 million, consisting of an overspend of £2.072 million on Home to School Transport, a shortfall in school and academy SLA income of £0.464 million, a shortfall on other income (contributions from schools, course income etc) of £0.374 million and an overspend due to bearing the costs of non-MTFP related early retirement costs of £0.119 million.

These overspends were partially offset by underspends of £0.449 million in employee costs, mainly due to vacant posts and other pay budgets, an underspend on Early Years Administrative costs of £0.385 million, an underspend of £0.233 million on Early Years Sustainability / Activity budgets, an underspend of £0.195 million on 'Other Pay' related activity a £0.172 million underspend relating to an underspend on the SEN Inclusion Fund and general Supplies & Service saving of £56,000.

(b) The Children's Services (Children's Social Care and Early Help & Intervention) outturn was a net £2.232 million overspend for the year. These services had an overspend of £4.263 million in relation to looked after children's placements and £2.733 million in relation to Bespoke Placements.

These overspends were partially offset by underspending of £2.141 million on employee budgets, £0.993 million on transport budgets, £0.687 million on Special Guardianship, Child Arrangement and Adoption allowances, £0.333 million on other care related activity and third party payments, £0.203 million on Direct Payment budgets, and £0.407 million additional income from SLA arrangements.

67 The pressure on the budget in children's social care has been evident for a number of years, as the number of children in the care system has increased significantly and their needs have continued to become more complex. There are now 950 looked after children, compared to an average of 877 in 2019/20.

68 This budget was increased by £5.5 million in 2018/19 and by a further £6.5 million in 2019/20 to cover the escalating care costs, as well as additional costs for staffing in order to meet the expected challenges and pressures identified in 2019/20. The 2020/21 budget included an additional increase for placement costs of £3.417 million.

69 The Children's Social Care and Early Help & Intervention 2021/22 budget included base growth of £6.14 million, further base growth of £4.50 million following an in-year transfer from Adult and Health Services and investment of £0.821 million temporary one off-funding in order to meet the challenges and pressures being experienced by the service. In setting the 2022/23 budget the Council agreed further growth of £4.4 million in the current year in these budgets.

70 The 2021/22 budgets also included additional budget growth of £1.7 million to recognise the financial pressures experienced in delivering home to school transport, which had seen costs increase by 35% over the preceding two years. Additional growth of £2.6 million was built into the 2022/23 budget to reflect the continuing pressure in the home to school transport budget.

71 In arriving at the outturn position, £2.955 million of additional costs, and lost income relating to COVID-19 and £0.840 million of COVID-19 related underspends were excluded from the CYPS cash limit. The net impact of these is £2.115 million, which has been financed corporately by utilising Central Government grants.

72 The cash limit outturn reported is the position after a net £3.322 million use of CYPS reserves in year. There are a number of transfers to and from earmarked reserves, cash limits and contingencies which have been applied with the main areas detailed below:

(a) A £119,142 use of the Schools Reserve to cover costs of deficits associated with schools who have academised in year.

(b) A £108,641 contribution to the Swimming Reserve mainly derived from venue hire savings to go towards future running costs of the service.

(c) A £106,451 contribution to the Early Years Activity reserve linked to Early Years Professional Development unspent grant funds.

(d) A £145,158 use of the Adult Learning reserve to support payments to delivery partners.

(e) A £897,568 contribution to the PFI Lifecycle reserve.

(f) A £191,075 contribution to Durham Enable linked to unspent grant funds.

(g) A £598,776 contribution to the Durham Directions reserve relating to unspent grant funds.

(h) A £110,326 contribution to the Kickstart reserve relating to unspent grant funds.

(i) A £284,490 contribution to the Mental Health Support reserve relating to unspent grant funds.

(j) A £368,714 contribution to Emotional Wellbeing Reserve from surplus income and funding received for future projects

(k) A £489,632 contribution to Holiday Activities with Food Reserve from grant income which will be repaid to DfE.

(l) A £310,500 contribution to Aycliffe Secure Centre Transitions Home Reserve as a contingency related to the capital programme

(m) A £409,487 use of Corporate ER/VR reserve to fund redundancies in relation to MTFP savings (relating to the Education Service).

(n) A £148,804 use of Corporate Insurance reserve

73 Taking the 2021/22 outturn position into account, there is a £3.771 million deficit cash limit position at the year end.

74 The council's financial procedure rules state that where a service groupings cash limit reserve is in deficit, the relevant service is required to make savings/ underspends the following year to bring the reserve back into balance. In this case, given the financial pressures and issues facing CYPS a further transfer from general reserves has been actioned this year end to retain the CYPS cash limit reserve at zero.

Dedicated Schools Grant and Schools

75 Taking into account academy transfers during the year, the council currently maintains 174 schools, including nursery, primary, secondary, special schools, and a single Alternative Provision (AP) school. The AP school is for pupils who have been permanently excluded from other schools, or who are at risk of permanent exclusion.

76 The original budget for 2021/22 for these 174 maintained schools was £259.582 million, funded by income of £60.069 million, formula funding budget shares of £191.850 million (from central government funding) and a budgeted £7.663 million use of accumulated schools' reserves. The table below summarises the schools' initial budgets that were set for these 174 maintained schools.

	Nursery	Primary	Secondary	Special / AP	Total
	£ million	£ million	£ million	£ million)	£ million
Employees	4.384	141.206	30.572	30.210	206.371
Premises	0.272	9.471	2.348	1.294	13.385
Transport	0.001	0.347	0.385	1.141	1.874
Supplies and Services	0.432	27.042	5.592	4.887	37.953
Income	-3.804	-37.799	-12.594	-5.872	-60.069
Net expenditure	1.285	140.267	26.302	31.660	199.513
Budget share	-1.072	-134.503	-25.751	-30.524	-191.850
Contribution (to)/ from reserves	0.213	5.764	0.551	1.135	7.663
Balance at 1 April 2021	-1.034	-22.444	-1.085	-3.216	-27.779
Balance at 31 March 2022	-0.822	-16.680	-0.534	-2.081	-20.116

77 The forecasts prepared by schools at Quarter 3 indicated that they would use of £1.436 million of their accumulated schools' reserves in 2021/22. This was significantly less than the budgeted use of balances and was consistent with the cautious approach adopted by schools over recent years.

78 The final outturn was that rather than there being a draw on reserves, there was a contribution to reserves of £1.929 million, a difference of £3.365 million from the Quarter 3 forecast, representing 1.3% of the original budgeted gross expenditure.

79 The table below summarises the schools' outturn position:

	Nursery	Primary	Secondary	Special / AP	Total
	£ million	£ million	£ million	£ million	£ million
Employees	4.593	143.698	30.706	31.986	210.982
Premises	0.292	10.407	2.578	1.530	14.807
Transport	0	0.369	0.427	1.152	1.948
Supplies and Services	0.484	27.240	5.419	4.823	37.966
Income	-4.094	-47.032	-16.112	-7.383	-74.621
Net expenditure	**1.274**	**134.682**	**23.017**	**32.109**	**191.082**
Budget share	-1.073	-134.554	-25.774	-31.610	-193.011
Contribution (to)/ from reserves	0.201	0.128	-2.757	0.499	-1.929
Balance at 1 April 2021	-1.034	-22.374	-1.085	-3.216	-27.709
Balance at 31 March 2022	**-0.833**	**-22.246**	**-3.842**	**-2.717**	**-29.638**

80 In setting the 2021/22 budgets, the council's S151 officer (Corporate Director of Resources) gave approval for four schools to set deficit budgets. A deficit budget arises where planned expenditure during 2021/22 results in a deficit balance at 31 March 2022 (known as a licensed deficit). One of these schools (St. Thomas More RC Primary) subsequently converted to academy during 2021/22. The remaining three schools budgeted, and outturn positions are summarised in the following table:

School Name	Phase	Deficit at 31 March 2021	Planned in-year use or contribution to reserves	Licensed deficit at 31 March 2022	Outturn in-year use or contribution to Reserves	Deficit at 31 March 2022
		£ million	£ million	£ million	£ million	£ million
Ferryhill Station	Primary	0.045	-0.026	0.019	-0.024	0.021
Wellfield	Secondary	3.114	-0.200	2.914	-0.208	2.906
Durham Community Business College	Secondary	0.504	0.310	0.814	0.166	0.670

81 All of these schools have complied with the terms of their licensed deficit. The council will continue to support and work with schools

causing concern to help them resolve their financial concerns, and the s151 officer (Corporate Director of Resources) will consider requests for a licensed deficit for 2022/23. A report summarising the school budget plans for 2022/23 will be presented to Cabinet in September.

82 During 2021/22 the council wrote off £75,000 of accumulated deficits in respect of St Thomas More, RC primary. This was agreed to facilitate the conversion.

Dedicated Schools Grant Centrally Retained block

83 The 2021/22 outturn for centrally retained DSG budgets is an overspend of £1.863 million against a total budget of £98.705 million at year end, which represents a 1.89% overspend.

DSG Block	Budgeted £ million	Outturn £ million	Over / (Under) Spend £ million
Schools de-delegated	0.257	0.645	0.388
High Needs	65.746	66.542	0.796
Early Years	29.676	30.395	0.719
Central Schools Services	3.026	2.986	-0.040
TOTAL	**98.705**	**100.568**	**1.863**

84 The overspend position relates to overspends on Schools de-delegated, High Needs Block, the Early Years Block partially offset with an underspend against the Central School Services Block.

85 The Schools De-delegated funds overspend of £388,000 relates to overspends on Behaviour Support, Contingencies and Trade Union Support.

86 The overspend of £796,000 on High Needs mainly relates to Top Up Funding for mainstream Nursery, Primary and Secondary pupils, Special Schools Pupil and Banding Top Up and a shortfall in Turnaround and Permanent Exclusions income.

87 The overspend of £719,000 on Early Years largely relates to the reduction of £902,000 in funding experienced in year due to funding being allocated on a termly basis and numbers at the beginning of the year being particularly low due to COVID. It is expected that this funding will be recouped in the summer of 2022/2023 when funding allocations are returned to being allocated on an annual basis against the January 2022 census where pupil numbers had fully recovered.

88 The small underspend of £40,000 on the Central School Services Block largely relates to an underspend against the former 'Team around the School' service which has now ceased operation.

89 The impact of the outturn on the DSG reserves position is shown in the following table.

DSG Reserves	High Needs Block £ million	Early Years Block £ million	Schools Block £ million	Total DSG £ million
Balance as at 1 April 2020	**-5.726**	**1.275**	**0.644**	**-3.806**
Early Years adjustment 2019/20	0	0.097	0	0.097
Use (-) / Contribution in 2020/21	-2.321	0.003	2.105	-0.213
Balance as at 1 April 2021	**-8.047**	**1.375**	**2.749**	**-3.923**
Use (-) / Contribution in 2021/22	-0.796	-0.719	-0.348	-1.863
Balance as at 31 March 2022	**-8.843**	**0.656**	**2.401**	**-5.786**

90 The overall DSG reserve position was a net deficit balance of £3.923 million at the start of the financial year, which increased to a net accumulated deficit balance of £5.786 million at 31 March 2022. The accumulated deficit position is dominated by the high needs block position.

91 The latest five-year plan for high needs block funding and expenditure, including recovery of the accumulated deficit was considered by Cabinet in April 2022. The financial forecasts indicate that the accumulated budget deficit on the high needs grant will be recovered by the end of the 2023/24 financial year. The position for Durham is better than forecast in the previous version of the five-year plan, reflecting the increased HNB funding levels in 2022/23 and 2023/24.

Neighbourhoods and Climate Change (NCC)

92 The 2021/22 outturn for Neighbourhoods and Climate Change was a cash limit underspend of £0.563 million. This takes into account adjustments for sums outside the cash limit, such as redundancy and COVID-19 related costs that are met from corporate reserves, year-end capital accounting entries and use of/contributions to earmarked reserves. The previously forecast position at quarter 3 was a cash limit underspend of £1.006 million to year end.

93 The main reasons for the underspend position are as follows:

(a) Environmental Services was £0.343 million underspent, mainly due to increased income of £0.240 million for trade and bulky waste collections, and staff turnover savings of £0.100 million.

(b) Technical Services was overspent by £0.119 million. Within this service areas there was an overspend of approximately £1.0 million in revenue maintenance to cover additional work on gullies, drainage, structures, and emergency action work, offset by employee vacancy savings of £0.330 million, and increased trading income of £0.550 million.

(c) Consumer Protection was underspent by £0.342 million. There was a net underspend on employees of £0.111 million, mainly due to vacant posts, with the balance of the underspend being additional income. This one-off underspend is to be utilised to support the Community Protection workforce development plan over the next 3 years.

(d) Partnerships & Community Engagement underspent by £97,000. This was mainly due to underspends on employees, and a managed underspend in Supplies and Services, that will be utilised in future MTFP savings.

94 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit at the year end:

(a) £5.609 million – relating to a net contribution to earmarked reserves and cash limit reserves to support specific projects in 2022/23. This includes:

(i) A £1.008 million contribution to reserves relating to Waste Disposal and Environmental Management;

(ii) A £0.496 million contribution to reserves in relation to the North Pennines Area of Outstanding Natural Beauty;

(iii) A £0.223 million contribution to reserves relating to future projects in Community Protection;

(iv) A £0.480 million contribution to the Winter Maintenance Reserve;

(v) A £0.691 million contribution to the Corporate Insurance Reserve; and

(vi) A £2.7 million contribution to reserves in relation to carry forward of grant and unspent budgets relating to the Syrian

Refugee programme, Area Action Partnerships and Towns & Villages projects in Partnerships and Community Engagement.

(b) A sum of £14.687 million relating to a range of items outside the control of the service were also excluded from the outturn, with the major component relating to technical accounting entries related to capital charges at year end.

95 COVID-19 related expenditure and lost income of £5.527 million, offset by related savings of £58,000 have been excluded from the net cash limit position and are being treated corporately, funded from the government grant received in 2021/22.

96 Taking the outturn position into account, the cash limit reserve to be carried forward for Neighbourhoods and Climate Change is £1.457 million.

Regeneration, Economy and Growth (REG)

97 The 2021/22 outturn for Regeneration, Economy and Growth was a cash limit underspend of £1.854 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of / contributions to earmarked reserves.

98 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £1.695 million

99 The outturn was a managed position, reflecting the proactive management of activity across REG to remain within the cash limit. The main reasons accounting for the outturn position are as follows:

(a) Culture, Sport and Tourism was £0.262 million underspent. The main reasons related to underspends in Service Development (£0.200 million) and Locality Services (£0.608 million), primarily relating to vacant posts offset by an unrealised MTFP saving of £0.201 million and funding of £0.300 million set aside for known costs to be incurred in 2022/23 for Collections storage and City of Culture.

(b) Transport and Contract Services was underspent by £30,000. Within this service area, additional enforcement income (£0.597 million) and savings due to staff vacancies across the service were offset by additional bus contract costs (£0.277 million), a loss of departure charges due to the closure of Durham Bus Station (£0.181 million) and the cost of additional repairs to bus stations. In addition, funding has been set aside to cover the known costs of bus station security, car park maintenance and

Care Connect equipment in the first part of 2022/23 (£0.270 million).

(c) Development and Housing was underspent against budget by £0.740 million. This was the net effect of an underspend of £0.812 million in Planning Development resulting from higher than budgeted levels of income from planning fees and building control fees, and Physical Development of £0.163 million relating to underspends against staffing budgets, offset by overspends of £91,000 in Economic Development, £77,000 in Strategy and Project Development, and £64,000 in Spatial Policy.

(d) Business Durham outturn was in line with budget.

(e) Corporate Property and Land was £0.209 million underspent. This arose due to an underspend against Facilities Management budgets and lower costs associated with the Energy Centre at Freeman's Reach.

(f) Communications Management was underspent by £0.206 million, due to a combination of vacant posts held in advance of MTFP savings required in 2022/23, and reduced costs due to not publishing a Summer Fun Guide or Guide to Services in 2021/22.

(g) Central costs were £0.407 million underspent due to lower than expected year end charges.

100 In arriving at the forecast outturn position, the service declared £7.460 million of additional costs, and lost income relating to COVID-19 and £2.029 million of COVID-19 related underspends. The net COVID-19 impact is therefore £5.431 million, and this was covered corporately by utilising Central Government grants.

101 In arriving at the outturn position, £1.506 million relating to contributions to / use of reserves, cash limits and contingencies has been excluded from the outturn. The major items being:

(a) £1.319 million use of the Corporate Recovery Support reserve;

(b) £0.670 million contribution to the Arts and Cultural reserve;

(c) £0.420 million contribution to the Asset Management reserve to cover one-off lease premium payment due in next year;

(d) £0.396 million contribution to the Culture, Sport and Tourism reserve;

(e) £0.300 million contribution to the Building Repairs and Maintenance reserve to support process of unitisation of property repairs and maintenance budget;

(f) £0.300 million contribution to the Book Fund reserve;

(g) £0.274 million use of the Social Housing reserve;

(h) £0.263 million contribution to the Housing Solutions reserve for grant funding to be used in future;

(i) £0.241 million contribution to the Local Authority Delivery (LAD) Scheme reserve for grant funding to be used in future.

102 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward Regeneration, Economy and Growth is £2.868 million.

Resources

103 The 2021/22 outturn for Resources was a cash limit underspend of £1.520 million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, year-end capital accounting entries and use of/ contributions to earmarked reserves.

104 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £0.761 million.

105 The underspend reflects the proactive management of activity by Heads of Service across Resources throughout the year to remain within the cash limit and to prepare for MTFP12 savings requirements. The outturn position is accounted for as follows:

(a) Corporate Finance and Commercial Services was underspent by £0.265 million, with managed underspends in Strategic Finance of £0.160 million and Health and Safety of £0.112 million and a number of other minor variances in this service area

(b) Finance and Transactional Services was underspent by £1.278 million, primarily due to managed underspends on employee costs of £0.696 million and additional grant income of £0.506 million in Revenues and Benefits. Payroll and Employee Services was over budget by £0.104 million, mainly due to unachieved income of £46,000 and a managed overspend on employee costs of £52,000. There were also a number of other minor variances in this service area.

(c) Digital and Customer Services was overspent by £0.561 million, consisting of managed overspends in relation to transport related costs of £33,000, supplies and services of £1.941 million and Direct Revenue Funding of four ICT capital projects of £0.170 million. These overspend were partially offset by an underspend of £0.767 million on employee related costs and additional income of £0.714 million. There were also a number of other minor variances in this service area.

(d) There were no material variances in Internal Audit, Risk and Corporate Fraud.

(e) Legal and Democratic Services was £0.675 million underspent. This includes a managed underspend on employee related expenditure of £0.527 million and £0.516 million of additional income. This net underspend has been partially offset by an overspend of £0.299 million on supplies and services. There were also a number of other minor variances in this service area.

(f) People and Talent Management was overspent by £0.122 million, which included a £0.202 million managed overspend on employee related expenditure and an £51,000 overspend on supplies and services. The service achieved additional income of £162,000 to partially offset these overspends. There were also a number of other minor variances in this service area.

(g) Strategy was overspent by £66,000, due largely to a managed underspend on employee related costs.

(h) Transformation was underspent by £0.108 million due to managed underspends on employee related costs of £89,000 and supplies and services of £19,000.

(i) Procurement Sales and Business Support was underspent by £29,000 due largely to additional income.

(j) Service Management and Central Charges was overspent by £86,000 due primarily to an increase in the bad debt provision at year end.

106 In arriving at the forecast outturn position, the service declared £1.284 million of additional costs, and lost income relating to COVID-19 and £1.642 million of COVID-19 related underspends. The net COVID-19 impact is therefore £0.358 million, and this was covered corporately by utilising Central Government grants.

107 Further to the quarter 3 forecast of outturn report a net £1.844 million have been excluded from the outturn in arriving at the cash limit outturn position. The main items being as follows:

(a) £6.801 million relates to a range of adjustments associated with year-end accounting entries for capital charges, centralised repairs and maintenance and central administration recharges as well as a small number of other agreed sums outside the cash limit funded from corporate contingencies;

(b) £4,064 relates to a transfer to the Insurance Reserve from in-year underspends on central insurance provision;

(c) £38,170 from the MTFP ER/VR Reserve to reflect an increased cost of early retirements/ voluntary redundancies in 2021/22.

(d) £0.673 million to the Business Support Reserve in respect of the actual underspend on the unitised Business Support Function in lieu of future MTFP savings;

(e) £6,817 from the Planning Reserve to fund security and utility costs at the Mount Oswald Development Site in respect of the History Centre;

(f) £39,748 from the ICT Reserve to support ICT developments;

(g) £0.247 million transfer to the Corporate Procurement Reserve which will be used to finance various procurement initiatives;

(h) £1,211 from the Oracle Development Reserve to fund system development and improvements;

(i) £6,392 from the Welfare Assistance Funding Reserve in respect of the 2021/22 overspend on Discretionary Housing payments (funded from the underspend carried forward from 2020/21);

(j) £1.962 million to the Housing Benefits Subsidy Reserve to finance the cost of Housing Benefit backdated claims which are not fully funded by Government Subsidy;

(k) £0.320 million to the Revenues and Benefits Reserve to support the development of the Civica system and to provide funding for additional temporary staff to deal with potential workload and backlog issues within the service;

(l) £0.233 million to the HR Reserve to fund training and development initiatives;

(m) £0.114 million to the Elections Reserve to finance the cost of elections;

(n) £0.171 million to the Legal Expenses Reserve to provide for a projected underachievement of MTFP Savings in 2022/23, and

also to fund equipment and the pending costs of stamp duty land tax;

(o) £10,000 from the Resources Cash Limit Reserve in respect of the cost of reviewing Durham County Council's software in the Application Architecture review;

(p) £48,680 to the Legal Services Reserve to provide for future expenditure for the Coroners service;

(q) £43,257 to the Internal Audit and Corporate Fraud Reserve to fund future temporary appointments;

(r) £0.150 million to the SFO Trading Reserve from additional income received to help fund future finance system developments;

(s) £0.223 million transfer to various COVID-19 Reserves from unspent grant allocations to support the community and businesses in 2022/23;

(t) £24,263 to the Residents Research Reserve as part of the funding received from CYPS to fund research work;

(u) £0.122 million to the Welfare Rights Reserve in respect of AiCD (Advice in County Durham) funding carried forward for future use by the Poverty Action Steering Group;

(v) £0.405 million to the COVID-19 Test & Trace Support Scheme Admin Reserve to fund service package requirements.

(w) £0.198 million to the Archives Project Reserve in respect of funding carried forward for future projects for the County Archivists, software, and document clearance;

(x) £55,732 to the Transformation Programme Reserve. The contribution reflects the underspend in 2020/21 associated with the Transformation Team;

108 Taking the outturn position into account, including items outside the cash limit and transfers to and from earmarked reserves, the cash limit reserve to be carried forward for Resources is £1.091 million.

Resources - Centrally Administered Costs (Corporate Costs)

109 The 2021/22 outturn for Resources - Centrally Administered Costs was a cash limit underspend of £44,000. This takes into account adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.

110 In arriving at the forecast outturn position, the service declared £35,518 of additional costs, and lost income relating to COVID-19 and no COVID-19 related underspends. The net COVID-19 impact is therefore £35,518, and this was covered corporately by utilising Central Government grants.

111 The cash limit outturn position compares to the previously forecast position at quarter 3 of a cash limit underspend of £10,324.

112 The final outturn position reflects reduced expenditure on corporate subscriptions of £30,000, expenses associated with raising loans of £29,000 and legal expenses of £20,000. These have been partially offset by a managed overspend of £30,000 relating to audit fees. In addition, there was an overachievement of income from de-minimis capital receipts of £29,000 arising from the sale of assets. There are also a few other minor variances in this service area.

113 Further to the quarter 3 forecast of outturn report, the following items have been excluded from the outturn in arriving at the cash outturn position:

(a) £0.402 million – relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration charges as well as a small number of other agreed sums outside the cash limit funded from corporate contingencies;

(b) £0.134 million – relates to a net use of earmarked reserves including £0.271 million from the Welfare Assistance Funding Reserve, £52,370 from the Council Tax Hardship Reserve and £0.189 million to the Insurance Reserve.

Central Budgets

Interest and Investment Income

114 There was an overachievement of income of £1.500 million due to higher than forecast returns on loan investments and additional dividends receivable (from Durham Villages Regeneration Company).

Interest Payable and Similar Charges

115 The actual interest payable and similar charges outturn position shows a £0.182 overspend to revised budget. This is due to additional use of Direct Revenue Financing (DRF) at year end.

2021/22 Capital Outturn

General Fund Capital Programme

116 The original capital budget for 2021/22, taking into account the budget approved by Council on 24 February 2021 and adjustments for re-profiling of underspends at 2020/21 year end, was £205.408 million. This was agreed by Cabinet on 7 July 2021.

117 Throughout the year, the Capital Member Officer Working Group (MOWG) has continually reviewed progress in delivering the capital programme to take into account changes in planning and delivery timescales and analysis of changes in demands on resources. This has been particularly important throughout 2021/22 as the council has monitored the impact of the pandemic and global price rises upon the ability to deliver the capital programme effectively. Regular updates to the capital programme were reported to and approved by Cabinet as part of the quarterly budgetary control reports in year. Requests for re-profiling capital programme underspends at 31 March 2022 have also been considered by MOWG.

118 Since the Quarter 3 Forecast of Outturn Report was prepared for Cabinet consideration in March 2022, there have been a number of significant increases to the capital budget put forward. These budget increases were considered at the MOWG meeting in May 2022. Significant budget adjustment required include:

(a) £31.805 million for Towns Deal (Stronger Towns) schemes and £19.857 million for Future High Streets Fund schemes in Bishop Auckland.

(b) £25.506 million for Levelling Up Fund schemes in the Bishop Auckland area, which includes £12.000 million for Toft Hill A68 Bypass, £2.000 million for Whorlton Suspension Bridge and £11.506 million for schemes at Locomotion.

(c) provision for Leisure Centre Decarbonisation schemes totalling £5.065 million at Newton Aycliffe, Peterlee, Teesdale and Wolsingham Leisure Centres and Social Housing Decarbonisation Fund Wave 1 budget of £5.709 million, along with £4.045 million for Green Homes Phase 2 schemes.

(d) a budget increase of £14.890 million for the refurbishment and reopening of the former DLY building at Aykley Heads as a Cultural Venue following a report to Cabinet in March and a budget increase of £12.000 million to rebuild Greenfield Community College on the Aycliffe site following a report to Cabinet in April.

(e) The capital budget also required adjustment (increase) to reflect higher than anticipated capital grant allocations of £3.285 million for Highways Capitalised Maintenance and £2.665 million for Schools Capital works.

(f) Other significant budget increases include £2.196 million to meet additional costs in relation to the Durham History Centre project and £2.200 million to create a new budget for a Corporate Business Intelligence System.

119 The following table summarises the revised capital budget for 2021/22, taking into account the further revisions considered by MOWG in May and agreed by Cabinet throughout the year, together with the outturn position for each service area. The table also details the action that has been taken with regard to re-profiling and budget additions/deletions at year end.

General Fund Capital Programme Outturn 2021/22

Service Area	2021/22 Original Budget	2021/22 Revised Budget	2021/22 Outturn	2021/22 Variance	2021/22 (Additions) / Deletions from Budget	2021/22 Re-profiling into future years
	£000	£000	£000	£000	£000	£000
Adults and Health Services	1,210	377	375	-2	0	2
Childrens and Young People's Services	33,641	16,893	14,525	-2,368	-1,683	4,096
Neighbourhoods and Climate Change	58,033	45,403	41,314	-4,089	-422	5,096
Regeneration, Economy and Growth	95,720	86,976	77,812	-9,164	175	8,359
Resources	16,805	9,330	9,042	-288	-26	314
Total Capital Programme	**205,408**	**158,979**	**143,068**	**-15,911**	**-1,956**	**17,867**

120 The variances in the table above include requests to carry forward unspent budgets to fund the completion of capital schemes from 2022/23 onwards. Also included are 2021/22 overspends on some projects as a result of an acceleration in project delivery timescales, and for these projects future years' budgets have been reduced. All of the

resultant re-profiling is reflected in the capital budgets for 2022/23 to 2025/26.

121 The Capital Programme is financed via various funding sources including grants, capital receipts, revenue contributions, contributions from reserves and borrowing. The financing of the 2021/22 outturn is detailed in the following table:

Financing – General Fund Capital Programme 2021/22

Funding Source	2021/22 Outturn £000
Grants and Contributions	60,010
Revenue & Reserves	26,279
Capital Receipts	7,363
Borrowing	49,415
Total Financing	**143,068**

Service Grouping Commentary

122 The primary reasons for the net capital underspend of £15.911 million (circa 10% under the revised capital programme budget at year end) are set out below:

Children and Young People's Services (CYPS)

123 The underspend £2.368 million for CYPS is mainly due to:

(a) **Children's' Care** – Underspend of £0.221 million. This is due to underspends on several schemes relating to the acquisition and refurbishment of Children's Homes, where spend has not been incurred as quickly as expected

(b) **Children's Services – Planning and Services Strategy -** Underspend £0.128 million. This relates to some payments being re-profiled into 2022/23 for the project to review the Social Services Information Database (SSID) system in CYPS and AHS

(c) **Devolved Formula Capital** – Overspend of £0.881 million. This is due to unpredicted changes in individual school spending decisions after December when final budget updates were made. The 2021/22 overspend will be met from budgets in 2022/23.

(d) **School Related** – Underspend of £2.948 million. The most significant underspend in this area is £0.435 million on the new

build primary school in Belmont, with delays due to discussions with DfE about using their Build Framework. Other significant underspends include £0.298 million on Spennymoor New Build Primary due to delays on stage 4 design work and £0.291 million on Bowburn New Build Primary due to ground contamination investigations under the site of the old school delaying phase 2 works.

Delays in getting raw materials from suppliers led to underspends of £0.120 million on works at Prince Bishops Primary and £0.0.111 million on works at Montalbo Primary. Underspends of £0.275 million for Ferryhill Station Primary roof replacement, £0.172 million for electrical works at Thornley Primary, £0.135 million for Coxhoe Primary replacement heating system and £0.121 million for a rewire scheme at St. Annes CE Primary were due to the re-phasing of works between financial years.

There was an overspend of £0.186 million on condition works at Greenfield School due to the ongoing costs of hiring demountables and the purchase of a new substation for the site. This will be met from the Schools Capital Grant unprogrammed budget

(e) **SEN Capital Fund** – Overspend £0.157 million. Budget has been re-profiled from 2022/23 to 2021/22 to cover the overspend on the project to provide demountable buildings at The Oaks Special School

(f) **Secure Services** – Underspend of £0.109 million. The majority of this (£90,210) relates to the Transition Home at Aycliffe Secure Centre due to a delayed project start and some sub-contractors not submitting bills by year end.

Neighbourhoods and Climate Change

124 The underspend of £4.089 million is mainly due to:

(a) **Environmental Services** – Underspend of £1.839 million. The most significant underspend in this area is £1.165 million on Morrison Busty Vehicle Workshop Refurbishment. This project is eight weeks behind programme due to additional time taken to fill large mineworking voids discovered once ground stabilisation works commenced. This delayed subsequent high value works, such as foundations, the ground floor concrete slab and the structural steel frame.

An underspend of £0.667 million on Solar PV Array (SPA3) schemes for various council buildings resulted from a late decision to allocate spend on Solar PV projects to various Public Sector

Decarbonisation Scheme (PSDS) projects, maximising grant income to the council. There was an underspend of £0.413 million on the On-Street Residential Electric Vehicle Chargepoint scheme due to the waiting time to get EV units delivered from Europe and delays in Northern Powergrid connecting the EV charge points.

An overspend of £0.695 million on Morrison Busty Battery Storage was due to accelerated project spend and will be met by bringing forward budget from 2022/23. Overspends on schemes at Morrison Busty for part demolition of the Bevan Buildings (£0.155 million) and the Phase 3 refurbishment of the offices (£0.497 million) relate to budget being held in the Structural Capitalised Maintenance and Demolition Programme budgets in REG, which were transferred to NCC at year end.

(b) **Technical Services** – Underspend of £1.791 million. There was an underspend of £0.233 million on street lighting schemes due to costs recharged being lower than estimated and also delays in materials deliveries caused by a worldwide shortage of electrical components. Other significant underspends include £0.442 million on Whorlton Suspension Bridge as a result of delays to inspection and testing works and the quality of the work resulting in ongoing discussions with the contractor and invoices not yet being agreed by Highways Services.

An underspend of £0.662 million resulted from three unclassified roads schemes being pulled from the programme and incurring no spend in 2021/22. The budget for Surveys, Inspections and Assessments was underspent by £0.307 million due to work by external consultants carrying over into 2022/23.

An underspend of £0.157 million resulted from the A181 Wellfield/Wingate scheme being pulled due to a clash with a major project and housing development. There was an overspend of £1.098 million on Highways patching schemes due to an overspend on Highways Services Patching budget.

(c) **Members Budgets** – Underspend of £0.475 million. The revised budget was based on applications received up to mid-November. The underspend is due to not as many applications as expected proceeding to payment stage by the end of the financial year. The underspend will be carried forward to 2022/23 and the payments made in due course

(d) **AAP Capital Budgets** – Overspend £0.217 million. The revised budget was based on applications received up to mid-November. Many more applications were received after this point and more than expected were paid before the end of the financial year. The overspend will be met by bringing budget forward from 2022/23.

Regeneration, Economy and Growth

125 The underspend of £9.164 million is mainly due:

(a) **Corporate Property and Land** – Underspend £6.275 million. The most significant underspend in this area was £3.292 million on the Milburngate Fit Out budget as delays with the adoption of the development have put fit out works on hold.

There was an underspend of £1.149 million on the New Council Headquarters scheme due to Kier revising their profile after the final budget amendments were made at quarter 3.

There was an underspend of £1.448 million on the Structural Capitalised Maintenance programme due to a number of schemes which were meant to take place in 2021/22 being delayed until 2022/23. An underspend of £0.297 million on the Demolition Programme budget was mainly due to a budget transfer of £0.235 million to NCC to support works at Morrison Busty.

(b) **Development and Housing** – Underspend £0.495 million. There were various offsetting underspends and overspends across the service, with the most significant being an overspend of £3.415 million relating to the acquisition of the Newgate Centre in Bishop Auckland, due to the purchase completing in 2021/22 rather than 2022/23 as expected.

There were also overspends of £0.559 million on Green Homes Phase 2 due to the late award of additional government funding which had to be spent in 2021/22, and £0.175 million on Disabled Facilities Grant schemes as schemes were delivered ahead of schedule.

There were significant underspends of £0.669 million on the Homelessness Buy to Lease scheme, £0.550 million on the DCC House Building Programme and £0.417 million on the Rough Sleeper Accommodation (COMF) scheme due to the acquisition of properties not completing before year end.

Underspends of £0.425 million on Aykley Heads Plot C and £0.270 million on the Accelerated Construction Scheme were due to payments being processed in April, rather than March as expected. The Beamish Museum Redevelopment scheme had an underspend of £0.777 million as no claims were received from Beamish in 2021/22

(c) **Business Durham** – Overspend of £0.653 million. This was mainly due to an overspend of £0.869 million on the Netpark

Phase 3 scheme as consultants have been appointed and the scheme is progressing ahead of schedule. There was an underspend of £0.154 million on the Finance Durham Investment Fund as investment pipeline timelines were slower than expected

(d) **Culture and Sport** – Underspend of £1.963 million. On the Durham History Centre project there was an overspend of £0.389 million due to a contractor payment being paid in March instead of April. This was offset by an underspend of £0.481 million on the ERDF funded part of the scheme due to delays caused by unforeseen works associated with the listed building.

There was an underspend of £0.750 million on Leisure Centre Transformation schemes at Spennymoor, Teesdale, Abbey, Riverside and Peterlee Leisure Centres due to a complete review of the RIBA stage 3 proposals delaying progress.

The Locomotion New Exhibition Building scheme had an underspend of £0.342 million due to delays in finalising the funding agreement and there was an underspend of £0.209 million on the Consett Leisure Pool Tiling Defect scheme due to slippage in the contractor's programme of works. The DMA Redhills Building Refurbishment scheme had an underspend of £0.200 million as grant payments were put on hold while the owners seek additional funding.

(e) **Transport and Contracted Services** – Underspend od £1.943 million. There were various offsetting underspends and overspends across the service, with the most significant being an underspend of £0.359 million on Driver Information / UTMC schemes as a longer than anticipated procurement process has delayed delivery into 2022/23. There was an underspend of £0.291 million on the Cycling Super Routes scheme with budget being vired at year end to other LTP schemes.

The A19/A1018 Seaton Lane Junction scheme had an underspend of £0.214 million due to delayed ground investigations by Highways England and an underspend of £0.184 million on Jade Business Park Infrastructure resulted from Highways England requesting that this work should be aligned with the Seaton Lane scheme as one design and construct contract.

Newton Aycliffe Housing Infrastructure Fund had an underspend of £0.270 million as a delay in agreeing the collaboration agreement with the Church Commissioners resulted in infrastructure works being put on hold. An underspend of £0.185 million on Stonebridge Park & Ride resulted from re-programming of the overall Transforming Cities Fund programme. There was

an overspend of £0.155 million on the Toft Hill A68 Bypass scheme due to grant being approved during quarter 4 after the final budget amendments had been made

Resources

126 The underspend of £0.288 million is mainly due:

(a) **Digital Organisation** – Underspend of 0.226 million. The most significant underspend was £0.175 million on the End User Equipment Replacement scheme. This was due to global supply chain delays with ICT equipment. 450 monitors and 200 laptops were ordered but due to delays they were not delivered before year end

Council Tax and Business Rates Collection Funds

Council Tax

127 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of Her Majesty's Revenues and Customs (HMRC). Exemptions, reliefs, and discounts are awarded dependent upon the state of the property, its use, and occupiers' personal circumstances.

128 The in-year collection rate at 31 March 2022 was 95.46%, which is 1.74% points above the year end position in 2020/21. This improvement is as expected with debt recovery procedures paused during 2020/21 due to the pandemic and only being reintroduced from June 2021.

129 The council is providing support to those impacted by COVID-19 through Hardship payments of up to £300 for those in receipt of council tax support with residual elements to pay; a total of £4.033 million was awarded to 31 March 2022.

130 The in-year collection rates at 31 March for 2021/22 and the previous two financial years, are shown below.

Billing Year	Position at 31 March
2021/22	95.46%
2020/21 *	96.18%
2019/20 *	97.94%

*Updated collection rate for payments made in 2021/22 for 2020/21 and 2019/20 liability

131 The current overall collection rate for 2020/21 council tax liabilities is now 96.18% (compared to 93.72% at 31 March 2021), and for 2019/20 the rate is now 97.94% (compared to 96.37% at 31 March 2021). The council continues to recover council tax for these years and for earlier years too.

132 The income shown in the council tax collection fund is the amount collectable from council tax payers in the long run, rather than the actual cash collected in the year the charges are raised. Likely bad debts are accounted for by maintaining a bad debt provision. The amount collectable is estimated each year by reference to the actual council tax base for all domestic properties in the county (schedule of all properties, discounts, and reliefs) with an allowance for non-collection.

133 Actual cash collected as at 31 March 2022 was £303.396 million compared with £278.592 million as at 31 March 2021, however when the Council Tax increases for 2021/22 are factored in, this represents a year on year real terms increase of £15.510 million in terms of Council Tax income received.

134 Due to changes in the number of properties (including new build and demolitions), and eligibility of discounts and reliefs during the year, the actual amount of council tax collectable, increases or decreases from the estimate on a dynamic day to day basis. In addition, adjustments for previous billing years take place during each accounting year. All of these adjustments mean that the actual amounts collected will always differ from the estimate.

135 Such differences at the end of each accounting year, after taking into account the calculated change required in the 'bad debt' provision, determines whether a surplus or deficit has arisen, which is then shared proportionately between the council and its major preceptors, being Durham Police Crime and Victim's Commissioner and County Durham and Darlington Fire and Rescue Authority.

136 In July 2020 the government announced that repayments to meet any collection fund deficits accrued in 2020/21 will be phased over a three-year period (2021/22 to 2023/24), rather than all being accounted for in 2021/22, to ease immediate pressures on budgets.

137 At the 2020/21 budget setting stage the estimated in year outturn for the council tax element of the Collection Fund was a deficit of £5.720 million. In the preceptors 2021/22 budgets one third of this sum (£1.907 million) had to be repaid to the Collection Fund. The council share of this amounted to £1.612 million and this requirement was built into the council's 2021/22 budget. In the 2021/22 outturn the second repayment of the 2020/21 Collection Fund deficit must be included

138 At 31 March 2022 the final outturn for the council tax collection fund is a deficit of £7.679 million, including the undeclared 2020/21 deficit of £3.741 million and the in-year deficit of £0.124 million. After taking into account the second instalment of the phasing of the 2020/21 deficit (£1.907 million), the overall forecast for the council tax element of the Collection Fund is a £5.772 million deficit as shown in the following table. The councils share of this deficit is £4.867 million.

	£ million
Net Bills issued during Accounting Year 2021/22	367.366
LCTRS and previous years CTB adjustments	-60.372
Calculated change in provision for bad debts required and write offs	-4.279
Net income receivable (a)	**302.715**
Precepts and Demands	
Durham County Council	241.266
Parish and Town Councils	13.734
Durham Police Crime and Victim's Commissioner	32.607
County Durham & Darlington Fire & Rescue Authority	15.232
Total Precepts and Demands (b)	**302.839**
Net Surplus / (-) Deficit for year (a) – (b)	-0.124
Spreading of Deficit Adjustment	**-1.907**
Undeclared Deficit Brought Forward from 2020/21	**-3.741**
Year end Deficit	**-5.772**

139 The following table identifies the reconciles the gross deficit (including undeclared and in year deficit) to the year end deficit:

	£ million
2020/21 Undeclared Deficit	-3.741
Remaining Deficit Spread	-3.814
Deficit for the year	-0.124
Collection Fund gross deficit	**-7.679**
2023/24 General Fund impact – deficit spread	1.907
Year end Deficit	**-5.772**

140 The council was required to determine and declare the forecast surplus or deficit on the council tax collection fund for 2020/21 by 15 January 2021. This needed to be considered during the budget setting process for 2021/22. Any difference between this and the actual surplus at 31 March 2021 was carried forward to the next financial year to be taken into account in estimating the surplus/ deficit position for 2021/22 and taken into account during 2022/23 budget setting.

141 At 15 January 2022 the estimated in year outturn for the Council Tax Collection Fund was a deficit of £5.090 million to 31 March 2022, including the second instalment of the spreading adjustment from 2020/21 of £1.907 million.

Business Rates

142 2013/14 was the first year of the new business rates retention scheme whereby the council has a vested budget interest and stake in the level of business rate yield, as income generated from business rates has since been shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.

143 In 2017/18, following consultation, the Government implemented the first revaluation of business rates since April 2010.

144 The revaluation of the rateable values of all business properties was undertaken by the Valuation Office Agency and, along with national changes to multipliers, relief thresholds and transitional arrangements, came into effect from April 2017. The overall effect of the revaluation on the collection fund saw a decrease of an estimated £9.3 million in rates yield/ liability when compared to 2016/17. The revaluation should be cost neutral to Durham County Council and County Durham and Darlington Fire and Rescue Authority; therefore, compensation arrangements are made through adjustments to Section 31 grants and top up grants for their shares of income losses.

145 Bills raised, exemptions and reliefs awarded are examined, together with local knowledge of anticipated changes in reliefs such as mandatory charitable relief and discretionary rate relief, on a monthly basis to enable a comparison with the January 2020 estimate of 2020/21 business rates income that was used for budget setting purposes.

146 At 31 March 2022, the actual outturn for the collection fund business rates is a deficit of £10.007 million, after taking into account the undeclared surplus as at 31 March 2021 of £6.337 million, as shown in the following table.

	£ million
Net rate yield for 2021/22 including previous year adjustments	95.469
Estimate of changes due to appeals lodged and future appeals	6.225
Estimated losses in Collection – Provision for Bad Debts and Write-offs	0.299
Net income receivable (a)	**101.993**
Agreed allocated shares	
Central Government (50%)	57.434
Durham County Council (49%)	58.606
County Durham and Darlington Fire and Rescue Authority (1%)	1.172
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	0.746
Total fixed payments (b)	**117.958**
Net deficit for year (a) – (b)	**-15.965**
Spreading of Deficit Adjustment	**-0.379**
Undeclared Surplus brought forward from 2020/21	**6.337**
Year end Deficit	**-10.007**

147 As with Council Tax, the in year deficit on business rates estimated in January 2021 was eligible to be spread over a three-year period (2021/22 to 2023/24) to ease immediate pressures on budgets. The in-year business rates deficit for 2020/21 eligible to be spread over three years was calculated by taking the in-year deficit estimated at January 2021 and excluding the additional reliefs awarded which are fully funded by Section 31 grant income. Therefore, the deficit eligible to be spread over three years is £1.138 million (£0.379 million per year), of which the council's share is £0.558 million (£0.186 million per year)

148 The in-year deficit of £15.965 million and the undeclared surplus brought forward from 2020/21, leaves a net deficit of £10.007 million at 31 March 2022. The surplus/ deficit at 31 March in any year is shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue; Durham County Council's share is 49%. Durham County Council's share of the year end deficit is £4.903 million, which is around £0.622 million lower than what was forecast at Quarter 3.

149 The in-year collection rate at 31 March 2022 was 98.38%: 4.95% points higher than in 2020/21. This improvement was as expected with debt recovery procedures paused during 2020/21 due to the pandemic being reintroduced from June 2021.

150 Over the last year the council has made payments to eligible businesses totalling circa £47.200 million, under the national Local Restrictions Support Grants, Additional Restrictions Support Grant, Restart Grants and Omicron Retail & Hospitality Grants. Total payments to eligible businesses over the last two years total £203.8 million.

151 The in-year collection rates at March 2022 for the current and last two financial years, are as follows:

Billing year	Position at 31 March
2021/22	98.38%
2020/21	98.63%
2019/20	99.60%

*Updated collection rate for payments made in 2021/22 for 2020/21 and 2019/20 liability

152 The current overall collection rate for 2020/21 business rate liabilities is now 98.19% (compared to 98.63% at 31 March 2021) and for 2019/20 business rate liabilities is now 99.60% (compared to 97.91% at 31 March 2020). The council continues to recover business rates for these and from earlier years.

153 Taking into account the positions at 31 March 2022 for Council Tax and business rates, alongside the receipt of Section 31 grant, the overarching position for the council in terms of the 2021/22 Collection fund are asset out below, highlighting an overall £0.602 million deficit, which compares to the Quarter 3 forecast of a £1.498 million overarching deficit.

	£ million
Council Tax Deficit	4.867
Business Rates Deficit	4.903
S31 Grants for 2021/22 reliefs	-9.166
Net Deficit	**0.602**
Note:	
Final year of spreading (2022/23 General fund impact)	1.798
Total Net Deficit	**2.400**

Section 31 Grant - Small Business Rate Relief

154 Small business ratepayers with properties with rateable values under £15,000 benefit from relief on their rates payable. The Government has awarded local authorities a Section 31 grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.

155 Small business ratepayers with properties with rateable values up to £12,000 are granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%.

156 The Government has agreed to pay Section 31 grant for any additional small business rate relief in respect of business rates bills and adjustments thereof relating to the period commencing 1 April 2013. Any adjustments that relate to bills for years prior to this will be dealt with as part of the normal rate retention shares.

157 At 31 March 2022, the gross small business relief awarded against 2021/22 business rates bills and adjustments for the period 2013/14 to 2021/22 was £18.303 million, and the council will receive £6.389 million in Section 31 grant, including the capping adjustment and threshold change adjustments, in this regard.

Other Section 31 Grants

158 In the Autumn Statement 2016, Spring Budget 2017 and Autumn Statement 2018 additional business rate relief schemes were announced on which Section 31 grants would be payable. These relief schemes include Rural Rate Relief and Local Newspaper Reliefs, Supporting Small Business, Local Discretionary Relief Scheme, Pub

Relief and Retail Relief Schemes. Funding for these schemes is provided through Section 31 grants.

159 In response to the economic impact of COVID-19, the government has introduced the expanded retail discount. The business rates retail discount has been increased to 100% and now covers the leisure and hospitality sectors. The £51,000 rateable value threshold has also been removed. This relief applied to occupied retail, leisure, and hospitality properties in the year 2020/21 only, however was extended to 30 June 2021, and continued at a rate of 66% from 1 July 2021 to 31 March 2022. This discount is fully funded by way of Section 31 grant.

160 A nursery discount scheme was also introduced for 2020/21 as a response to COVID-19. This discount was also extended to 30 June 2021 at 100% and continued at 66% from 1 July 2021 until 31 March 2022. Again, this is fully funded by Section 31 grant.

161 When assessing income from business rates, due regard must also be given on the effect that changes in reliefs has on the Section 31 grants. When the additional Section 31 grants, to compensate for the extended retail, hospitality and leisure discounts and the extended nursery discounts, are factored in, the total amount of Section 31 grants due to Durham County Council is £22.068 million of which £9.166 million relates to the additional reliefs in response to COVID-19.

162 Durham County Council's share of the in-year deficit of £7.823 million, excluding the surplus brought forward from 2020/21 of £3.105 million, is therefore offset in the General Fund by the receipt of the additional Section 31 grants of £9.166 million, leaving a net in-year surplus of £1.343 million from business rates activity.

Update on Progress towards achieving MTFP (11) savings

163 The delivery of the MTFP (11) savings considers:

(a) the duties under the Equality Act;

(b) appropriate consultation;

(c) the HR implications of the change including consultation with employees and trade unions;

(d) communication of the change and the consultation results;

(e) sound risk management.

164 MTFP (11) savings proposals for 2021/22, agreed by County Council on 24 February 2021 totalled £5.312 million.

165 At 31 March 2022, 100% of the £5.312 million total savings target, had been delivered.

Consultation

166 There has not been any public consultation on MTFP(11) proposals during the year

HR implications

167 Equality data relating to the seven employees leaving through voluntary redundancy, early retirement, and ER/VR during 2021/22 shows that 71% were female and 29% were male. In terms of race, 14% of leavers had not disclosed their ethnicity and the remaining 86% stated that they were white British or white English. Regarding disability status 14% of leavers said they had a disability, 14% had no disability and 72% did not disclose their disability status.

168 Equality data relating to the five employees leaving through compulsory redundancy during 2021/22 shows that 60% were female and 40% were male. In terms of race, 20% of leavers had not disclosed their ethnicity and the remaining 80% stated that they were white British or white English. Regarding disability status no leavers said they had a disability, 60% had no disability and 40% did not disclose their disability status.

169 Since austerity began in 2011, equality data relating to employees leaving through voluntary redundancy, showed that 65.6% were female and 34.4% were male. The higher proportion of female leavers is likely due to the exercises which took place in previous years which focused on traditionally female occupied professions, (these included the closure of care homes, reduction in service in the Pathways and Youth service and a restructure and change of working pattern for Care Connect). This is also reflective of the Council's overall gender balance in terms of employees.

170 In terms of race, since 2011, 45.84% of leavers had not disclosed their ethnicity, with 53.75% stating that they were white British or white English. Regarding disability status 2.96% said they had a disability, 13.12% had no disability and 83.92% did not disclose their disability status.

Equality Impact Assessments (EIA)

171 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2021/22 MTFP(11) proposals.

172 Projects to deliver growth proposals will be supported to ensure robust planning and that EIA screening are also completed.

Other Useful Documents

- County Council – 24 February 2021 – Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- Cabinet – 15 September 2021 – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021 and Update on Progress towards achieving MTFP (11) savings.
- Cabinet – 17 November 2021 – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September 2021 and Update on Progress towards achieving MTFP (11) savings.
- Cabinet – 17 November 2021 - Council Tax Base 2022/23 and Forecast Deficit on the Council Tax Collection Fund as at 31 March 2022.
- County Council – 23 February 2022 – Medium Term Financial Plan 2022/23 to 2025/25 and Revenue and Capital Budget 2022/23.
- Cabinet – 16 March 2022 - Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021 and Update on Progress towards achieving MTFP (11) savings.

Author: Jeff Garfoot Tel: 03000 261946

Appendix 1: Implications

Legal Implications

This report shows the actual outturn compared to original and revised budgets as agreed by Council in relation to the 2021/22 financial year and is a key component of the council's Corporate and Financial Governance arrangements. The information contained within this report has been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the financial outturn for the council for 2021/22 for revenue and capital. The report covers general fund for revenue and capital and the outturn position for general and earmarked reserves at 31 March 2022, plus the Collection Fund outturn, covering council tax and business rates.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

The figures contained within this report have been extracted from the general ledger and scrutinised and supplemented with information supplied by the Service Management Teams and budget holders. The outturn has been produced taking into consideration all spend in year and year end accounting practices. This should mitigate any risks regarding challenge over the accuracy and validity of the financial outturn position of the council as reported.

Procurement

None.

Appendix 2: General Fund Revenue Summary 2021/22

	Original Budget 2021/22	Revised Budget 2021/22	Service grouping Outturn	Variance	Cash Limit Adjustments			Variance
					Sums outside the cash limit	Contribution to / Use of Cash Limit Reserve	Contrib. to / Use of Earmarked Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Health Services	133,618	126,214	123,077	-3,137	-79	0	4,837	1,621
Chief Executive's Office	1,381	0	0	0	0	0	0	0
Children and Young People's Services	133,876	145,628	185,427	39,799	-40,839	0	6,926	5,886
Neighbourhoods and Climate Change	105,731	109,662	94,270	-15,392	14,687	0	5,610	4,905
Regeneration, Economy and Growth	49,630	53,591	70,169	16,578	-14,507	0	1,506	3,577
Resources	21,425	27,118	27,086	-32	-6,803	-10	4,966	-1,879
Cash Limit Position	445,661	462,213	500,029	37,816	-47,541	-10	23,845	14,110
Contingencies	10,337	9,122	0	-9,122	4,958			-4,164
Corporate Costs	4,378	2,227	2,753	526	-402	0	-134	-10
NET COST OF SERVICES	460,376	473,562	502,782	29,220	-42,985	-10	23,711	9,936
Capital charges	-62,797	-62,797	-131,186	-68,389	68,389			0
Gains / losses on disposal of fixed assets	0	0	20,579	20,579	-20,579			0
HR accrual	0	0	3,943	3,943	-3,943			0
DSG deficit reserve adjustment	0	-1,678	-796	882	-882			0
Interest and Investment income	-2,900	-2,900	-4,400	-1,500				-1,500
Interest payable and similar charges	38,416	39,057	50,279	11,222		-1,100	-9,940	182
Levies	16,087	16,007	16,008	1				1
Net Expenditure	449,182	461,251	457,209	-4,042	0	-1,110	13,771	8,619
Funded By:								
Council tax	-241,266	-241,266	-241,266	0				0
Use of (-) / contribution to earmarked reserves	-7,957	-12,891	10,048	22,939				22,939
COVID-19 Support Grant tranche 5	0	0	-15,560	-15,560				-15,560
COVID-19 Income Guarantee Grant	0	0	-2,652	-2,652				-2,652
Estimated net surplus (-) / deficit on Collection Fund	-1,514	-1,514	22,380	23,894				23,894
Use of earmarked reserves to offset deficit on Collection Fund	0	0	-23,894	-23,894				-23,894
Business Rates	-57,304	-57,304	-57,649	-345				-345
Top up grant	-72,780	-72,780	-72,780	0				0
Revenue Support Grant	-28,227	-28,227	-28,227	0				0
Lower Tier Services Grant	-747	-747	-747	0				0
Local Tax Income Guarantee	-514	-514	-514	0				0
New Homes Bonus	-4,476	-4,476	-4,476	0				0
Section 31 Grant	-11,415	-11,415	-22,068	-10,653			9,166	-1,487
Adult/Childrens Pressures Grant	-22,888	-22,888	-22,888	0				0
Contribution to/from (-) Cash Limit Reserve	-94	-7,229	-7,983	-754		3,771		3,017
Contribution to/from (-) General Reserves	0	0	11,067	11,067				11,067
TOTAL	**0**	**0**	**0**	**0**	**0**	**2,661**	**22,937**	**25,598**

Appendix 3: General Fund Revenue Summary by Expenditure/ Income for 2021/22

	Original Budget 2021/22	Revised Budget	Service Groupings Final Outturn	Corporate Costs Final Outturn	Final Outturn (including Corporate Costs)	Variance (including Corporate Costs) before cash limit adjustments	Cash Limit Adjustments			Cash limit Variance including Corporate costs	Variance - Corporate Costs
							Sums outside the cash limit	Contribution to/ Use of Cash Limit Reserve	Contribution to/ Use of Earmarked Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000	£001
Employees	509,033	531,028	522,372	164	522,536	-8,492	205	0	1,926	-6,361	-7
Premises	50,677	52,169	51,876	101	51,977	-192	3,763	0	530	4,101	0
Transport	47,496	47,657	52,711	2	52,713	5,056	-14	0	127	5,169	0
Supplies & Services	113,643	127,989	139,728	2,123	141,851	13,863	-512	-10	2,526	15,867	602
Agency & Contracted	427,506	471,037	493,921	4,178	498,099	27,062	269	0	-257	27,074	-307
Transfer Payments	166,814	174,821	165,842	5,648	171,490	-1,205	-39	0	2,704	1,460	-7
Central Costs	127,115	123,519	125,636	541	126,177	3,141	17,404	0	5,950	26,495	426
DRF	3,641	4,643	6,090	0	6,090	1,447	0	0	38	1,485	-120
Other	0	1,713	5,065	0	5,065	3,352	17,314	0	0	20,666	0
Capital Charges	62,796	62,796	110,947	0	110,947	48,151	-69,424	0	0	-21,273	0
GROSS EXPENDITURE	**1,508,721**	**1,597,372**	**1,674,188**	**12,757**	**1,686,945**	**92,183**	**-31,034**	**-10**	**13,544**	**74,683**	**587**
Income											
Government Grants	548,132	614,769	646,155	9,644	655,799	43,174	-3	0	-4,010	39,161	-387
Other Grants and Contributions	83,208	88,280	105,094	214	105,308	17,028	0	0	-4,367	12,661	-214
Sales	7,235	6,870	5,538	180	5,718	-1,152	0	0	11	-1,141	-30
Fees and Charges	104,257	105,179	103,516	-34	103,482	-1,697	0	0	-436	-2,133	34
Rents	9,086	10,251	11,341	0	11,341	1,090	0	0	-422	668	0
Recharges To Other Services	296,974	300,327	281,828	0	281,828	-18,499	22,095	0	-17	3,579	0
Other	9,790	7,256	20,688	0	20,688	13,898	-5,183	0	-926	7,789	0
GROSS INCOME	**1,058,682**	**1,132,932**	**1,174,158**	**10,004**	**1,184,162**	**53,840**	**16,909**	**0**	**-10,167**	**60,582**	**-597**
NET EXPENDITURE	**450,039**	**464,440**	**500,029**	**2,753**	**502,782**	**38,342**	**-47,943**	**-10**	**23,711**	**14,100**	**-10**

Appendix 4: General Fund Earmarked Reserves as at 31 March 2022

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES £'000	TRANSFERS BETWEEN RESERVES £'000	TOTAL MOVEMENT ON RESERVES £'000	CLOSING BALANCE AT 31/03/22 £'000
Corporate Reserves							
Budget Support Reserve	Corporate	0		-10,000		-10,000	-10,000
Business Support Reserve	Corporate	-1,949	68	-680	938	326	-1,623
Cabinet Priorities Reserve	Corporate	0			-10,000	-10,000	-10,000
Capital Reserve	Corporate	-273			273	273	0
Commercialisation Support Reserve	Corporate	-10,096	4,872		-410	4,462	-5,634
Equal Pay Reserve	Corporate	-9,479					-9,479
ER/VR Reserve	Corporate	-3,993	956	-2,007	-1,000	-2,051	-6,044
Feasibility Study Reserve	Corporate	-500					-500
Inspire Programme Reserve	Corporate	-246			125	125	-121
Insurance Reserve	Corporate	-9,564	5,309	-745		4,564	-5,000
Levelling Up Feasibility Reserve	Corporate	-1,000	253	-103		150	-850
MTFP Reserve	Corporate	-16,440	3,778		-2,500	1,278	-15,162
Office Accommodation Capital Reserve	Corporate	-1,945	2,266	-352	31	1,945	0
Recovery Support Reserve	Corporate	-8,236	4,782		1,800	6,582	-1,654
Resources DWP Grant Reserve	Corporate	-1,895	620	-2,966	-336	-2,682	-4,577
Resources Elections Reserve	Corporate	-1,713	748	-126		622	-1,091
Resources Housing Benefit Subsidy Reserve	Corporate	0		-1,962		-1,962	-1,962
Total Corporate Reserves		**-67,329**	**23,652**	**-18,941**	**-11,079**	**-6,368**	**-73,697**
Sums held for other organisations/grants							
Collection Fund Deficit Reserve	Corporate	-24,863	24,863	-9,166		15,697	-9,166
Local Taxation Income Guarantee Reserve	Corporate	-1,224	514			514	-710
North Pennines AONB Partnership Reserve	NCC	-1,127		-496		-496	-1,623
Public Health Reserves	AHS	-7,332	1,302	-1,543	1,035	794	-6,538
Resources Council Tax Hardship Reserve	Resources	-2,820	3,072	-3,663		-591	-3,411
Resources COVID-19 Support Grants	Resources	-4,873	4,482	-553	116	4,045	-828
Social Care Reserve - Community Discharge Grant	AHS	-121	85	-392		-307	-428
Social Care Reserve - CCG	AHS	-19,882	653	-2,500	2,250	403	-19,479
Total Sums held for other organisations/grants		**-62,242**	**34,971**	**-18,313**	**3,401**	**20,059**	**-42,183**
Other Specific Reserves							
Business Growth Fund Reserve	REG	-604			150	150	-454
Children's Services Reserve	CYPS	-2,761	1,028	-2,002	-226	-1,200	-3,961
Community Protection Reserve	NCC	-1,145	269	-745	-1,941	-2,417	-3,562
Corporate Property & Land Reserve	REG	-1,913	135	-2,085	1,100	-850	-2,763
Culture and Sport Reserve	REG	-15,289	4,353	-7,260	-1,031	-3,938	-19,227
Economic Development Reserve	REG	-5,899	4,398	-2,204	70	2,264	-3,635
Education Reserve	CYPS	-14,946	779	-2,734	203	-1,752	-16,698
Employability and Training Reserve	REG	-276		-47		-47	-323
Environmental Services Reserve	NCC	-4,835	2,338	-2,389		-51	-4,886
Funding and Programmes Management Reserve	REG	-540	51	-92		-41	-581
Grant Reserve	REG	-86	121	-121			-86
Housing Regeneration Reserve	REG	-473	224	-6		218	-255
Housing Solutions Reserve	REG	-3,523	719	-1,904	-38	-1,223	-4,746
Operational Reserve	REG	-431	149			149	-282
Partnerships and Community Engagement Reserve	NCC	-6,204	3,669	-3,916	-4,361	-4,608	-10,812
Planning Reserve	REG	-168	133	-212		-79	-247
Regional Public Health Reserve	AHS	-2,293	513	-3,556		-3,043	-5,336
REG Match Fund Programme Reserve	REG	-843	265	-27		238	-605
Resources Corporate Reserve	Resources	-680	70	-247	299	122	-558
Resources Customer Services Reserve	Resources	-250					-250
Resources Financial Services Reserve	Resources	-94		-150		-150	-244
Resources Grant Reserve	Resources	-154					-154
Resources Human Resources Reserves	Resources	-392	482	-333	-154	-5	-397
Resources ICT Reserves	Resources	-1,166	374	-214	-250	-90	-1,256
Resources Internal Audit & Corporate Fraud Reserve	Resources	-125	57	-129		-72	-197
Resources Legal Reserves	Resources	-535	188	-417	55	-174	-709
Resources Operational Reserve	Resources	-199	107	-24	19	102	-97
Resources Operations and Data Reserve	Resources	-38	28	-30		-2	-40
Resources Registrars Trading Reserve	Resources	-150			150	150	0
Resources Revenue and Benefits Reserve	Resources	-906	197	-447	299	49	-857
Resources System Development Reserve	Resources	-308	111			111	-197
Resources Transformation Reserve	Resources	-967		-383	764	381	-586
Social Care Reserve - Specific Purpose	AHS	-4,672	2,070	-863	733	1,940	-2,732
Technical Services Reserve	NCC	-2,044	1,153	-479	-40	634	-1,410
Town and Villages Regeneration Reserve	REG	-24,084	1,437		4,200	5,637	-18,447
Transport Reserve	REG	-1,195	247	-537	-9	-299	-1,494
Total Other Specific Reserves		**-100,188**	**25,665**	**-33,553**	**-8**	**-7,896**	**-108,084**
TOTAL EARMARKED RESERVES		**-229,759**	**84,288**	**-70,807**	**-7,686**	**5,795**	**-223,964**
Cash Limit Reserves							
Adult and Health Services	AHS	-10,451	-1,508	-192	6,002	4,302	-6,149
Chief Executive's Office	CEO	-135			135	135	0
Children and Young People's Services	CYPS	0	-3,771	3,771			0
Neighbourhoods and Climate Change	NCC	-1,294	400	-563		-163	-1,457
Regeneration, Economy and Growth	REG	-1,431	422	-1,854	-5	-1,437	-2,868
Resources	Resources	-2,462	1,337	-1,520	1,554	1,371	-1,091
Total Cash Limit Reserves		**-15,773**	**-3,120**	**-358**	**7,686**	**4,208**	**-11,565**
Total Council Reserves		**-245,532**	**81,168**	**-71,165**	**0**	**10,003**	**-235,529**

Schools' Balances							
Schools' Revenue Balance	CYPS	-31,174	9,982	-10,027		-45	-31,219
DSG Reserve	CYPS	-4,124	1,107	-40		1,067	-3,057
Total Schools and DSG Reserves		**-35,298**	**11,089**	**-10,067**	**0**	**1,022**	**-34,276**

Total Earmarked Reserves		**-280,830**	**92,257**	**-81,232**	**0**	**11,025**	**-269,805**

Cabinet

13 July 2022

Medium Term Financial Plan(13), 2023/24 – 2026/27 and Review of the Local Council Tax Reduction Scheme

CORP/R/22/01

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Deputy Leader and Portfolio Holder for Finance

Councillor Amanda Hopgood, Leader of the Council

Purpose of the Report

1 To provide an update on the development of the 2023/24 budget and the Medium Term Financial Plan (MTFP(13)) covering the period 2023/24 to 2026/27. The report also considers a review of the Local Council Tax Reduction Scheme for 2023/24.

Executive Summary

2 The Council is continuing to operate in a period of significant financial uncertainty brought about by a combination of the ongoing impact of the pandemic, our inherent low tax raising capacity due to our low tax base, and significant budget pressures in social care brought about by National Living Wage increases and enduring demographic pressures in Childrens Social Care and in waste services alongside other unfunded pressures arising from the present high levels of inflation impacting on energy and fuel costs in particular plus uncertainties surrounding the pay award that will ultimately be agreed. The financial outlook for the Council will continue to be extremely challenging for the foreseeable future.

3 There continues to be significant uncertainty in terms of future financial settlements for local government and how available funding will be shared between local authorities. Local authorities continue to be provided with one year financial settlements, which provide little financial certainty and security and given the timing of these announcements in late December, provides little time to react for local authorities.

4 Local authorities desperately need early notification of how much, if any, additional government support will be provided in 2023/24 to offset the significant financial pressures faced by the sector due to the present high levels of inflation. It appears at this stage however that there will not be early notification of funding levels for 2023/24, leaving local authorities to plan for the worst i.e. no further funding being made available.

5 Although it was anticipated that in the 2022/23 local government finance settlement that the Fair Funding Review (FFR) would be implemented, it is now expected that the implementation of the findings from the FFR, may now be delayed until at least 2024/25. To date there has been no consultation documents released relating to the FFR, which would seem to confirm that it is now unlikely that this will be implemented in 2023/24. In addition, the government is presently reviewing Business Rates, the outcome of which could impact on the utilisation of business rates as a funding mechanism for local government.

6 The lack of clarity in relation to the quantum of future financial settlements and the FFR is exacerbated by uncertainties in relation to future council tax referendum levels, the distribution of the Improved Better Care Fund, the impact of the cost cap and fair cost of care requirements in adult social care, the future of short term funding provided to local authorities for adult and children social care pressures and the ongoing impact of the pandemic upon council services and especially council income.

7 This level of uncertainty is making financial planning extremely challenging and requires the council to be flexible and adaptable in its financial planning. In this regard the strong financial position of the council will ensure that the council is well placed to react effectively to any outcome.

8 At this stage, the council is prudently planning on the basis that the council will only receive additional core funding uplifts of £0.9 million in 2023/24 and that from 2024/25 the council will lose £8.8 million of funding due to the combined impact of the outcome of the FFR but also from the forecast impact of further government funding reductions for local government to contribute to the recovery required to the national finances.

9 As we start to consider the budget plans for 2023/24, in line with previous practice, the MTFP Model has been reviewed and the financial forecasts for the next four years updated. Financial plans have been updated to take into account the impact of inflation upon council costs with the consumer price index forecast to peak at 10% by the end of 2022 and also the Low Pay Commission's latest forecast for the 2023/24 increase in the National Living Wage of 8.6%.

10 The latest forecasts indicate a funding gap / savings requirement of £55.0 million will be required to balance the budget over the 2023/24 to 2026/27 period. Savings are forecast to be required in all years of MTFP(13) as budget pressures and the impact of funding reductions outstrip the Council's ability to generate additional income from business rates and council tax.

The forecasts assume the Council will apply the maximum increases in its Council Tax it is allowed to across each of the next four years, in line with government guidance.

11 The achievement of an additional £55.0 million of savings over the next four years will be extremely challenging and should not be under-estimated – more so given the savings that the council has been required to achieve in the last ten years. 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 targeting increased income from charging. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies is becoming exhausted following the delivery of £250 million of savings up to 31 March 2023.

12 The total savings required at this stage for 2023/24 to balance the budget amount to £21.9 million, although it must be recognised that this figure could change significantly depending on whether the government provide much needed additional resources to the sector in 2023/24 and whether the council experiences further additional financial pressures due to demand, loss of income or due to the impact of inflation.

13 Savings of £0.275 million for 2023/24 were approved in MTFP(12) relating to the relocation of the council HQ. Regardless of the outcome of the business case to review the new building on The Sands, which ultimately led to the Cabinet decision to seek to sell the building and reprovide HQ facilities on Aykley Heads and in Stanley, this saving required reprofiling in line with the expected occupancy of the new History Centre. This saving has been deferred until 2026/27 in the latest MTFP(13) forecasts. This results in a savings shortfall over the MTFP(13) period of £54.7 million.

14 The MTFP(13) forecasts assume that there will be a 2.99% council tax increase in 2023/24 and 2024/25, in line with MTFP(12) planning assumptions, and 1.99% increases per annum thereafter. The 2.99% increases for the next two years include an assumed 1.99% council tax referendum limit core increase and 1% for the adult social care precept.

15 A challenging financial position is also forecast for the council in 2024/25, where the savings required to balance the budget in that year is forecast to be £16 million. The budget position for 2025/26 and beyond is also likely to require the council to continue to seek savings where increasing base budget pressures, especially in social care and waste, cannot be financed from increases in council tax and from business rate yields. This is a symptom of our low tax raising capacity and the flaws in the current funding mechanisms for local authorities like ourselves.

16 Savings plans will need to be developed for consideration for 2023/24 and in future years. Having plans in place will enable the council to react to the outcome of the 2023/24 local government finance settlement, which is expected to be announced in December 2022. If required, the council will be

able to utilise the MTFP Reserve to balance the budgets as required whilst savings proposals are implemented. The current available balance in the MTFP Reserve is £15.2 million. The use of reserves to balance the budget is not a sustainable position and is only recommended where there is a need to smooth in more sustainable budget solutions.

17 The council is the only local authority now in the North East to have retained entitlement levels for Council Tax support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14. This policy has protected vulnerable residents at a time when welfare reform changes and more recently the pressure on household incomes from cost of living increases have had a significant adverse impact. This report recommends that the current LCTRS is again retained and remains unaltered for a further year into 2023/24. Should the Cabinet agree, the Council will need to formally adopt this policy at Full Council prior to 11 March 2023.

Recommendations

18 Cabinet is asked to:

(a) note the updated MTFP forecasts and the requirement to identify additional savings of £54.7 million for the period 2023/24 to 2026/27, but also note that this forecast could change significantly based upon outcome of future government funding settlements, the Fair Funding Review and the ongoing impact of the pandemic, demand for services and inflationary pressures upon the council;

(b) note that at this stage a forecast £21.9 million of savings are required to balance the 2023/24 budget;

(c) agree the high level MTFP(13) and 2023/24 budget setting timetable contained in the report;

(d) agree the approach outlined for consultation on the 2023/24 budget and MTFP(13);

(e) agree the proposals to build equalities considerations into decision making; and

(f) agree that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2023/24.

Background

19 To ensure the 2023/24 budget and MTFP(13) can be developed effectively and savings targets delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed and followed.

20 The council is committed to strong financial governance and getting value for money whilst ensuring that any council tax increases are justified and affordable.

21 The current MTFP(12) forecast that the Council agreed on 23 February 2022 covers the four year period 2022/23 to 2025/26. This report covers the MTFP(13) four year planning period 2023/24 to 2026/27.

22 It is prudent that the council continues to plan across a four year timeframe. During this period the Council will continue to face significant and unavoidable budget pressures, especially relating to the inflationary impacts on energy and fuel impacts, the National Living Wage uplifts, Social Care and Waste pressures whilst facing the uncertainty over the impact of the FFR and future pay awards.

23 Planning across the medium term in this way ensures that decisions can be made in the knowledge of the likely financial position of the Council and provides a basis for effective decision making taking account of the best estimates of income and expenditure.

24 Savings plans will need to be developed for consideration for 2023/24 and in future years. Having plans in place will enable the council to react to the outcome of the 2023/24 local government finance settlement, which is expected to be announced in December 2022.

25 If required, the council will be able to utilise the MTFP Reserve to balance the budgets as required whilst savings proposals are implemented. The current available balance in the MTFP Reserve is £15.2 million. The use of reserves to balance the budget is not a sustainable position and is only recommended where there is a need to smooth in more sustainable budget solutions.

26 At this stage of the planning cycle for MTFP(13) the following areas are presented for consideration by Cabinet:

(a) an update on the development of the 2023/24 budget since the council agreed its MTFP(12) strategy on 23 February 2022;

(b) an update on the MTFP(13) savings forecast for the period 2023/24 to 2026/27;

(c) a draft MTFP(13) decision making timetable;

(d) proposed approach for consultation on the 2023/24 budget proposals and on MTFP(13);

(e) workforce implications;

(f) equality considerations;

(g) consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2023/24.

Review of MTFP Model

27 The financial outlook for the Council continues to be extremely challenging. Prior to the pandemic the national finances were in a reasonably healthy state for the first time in ten years. The impact of the pandemic upon the national finances however alongside the impact of the cost of living crisis is forecast to have long term impacts on the flexibility for increases in expenditure across the public sector.

28 Local authorities continue to lobby strongly for a long term sustainable financial settlement but it is becoming less likely that this will occur in the short term due to ongoing uncertainty in the national finances linked to the ongoing impacts of the pandemic, Brexit and the inflationary impact of the crisis in Ukraine. The council will need to continually review the MTFP(13) projections and savings requirements over the coming months in light of future announcements and as more information becomes available on the longer term impacts of the pandemic and inflation upon the councils budgets going forward.

29 In line with previous years, a thorough review of the council's budget has taken place subsequent to the approval of MTFP (12) forecasts by County Council on 23 February 2022. This has resulted in significant changes to the core assumptions for 2023/24 and in future years as well as consideration of increased costs and demand increases specifically linked to the impact of high levels of inflation. The key adjustments and major areas for consideration are detailed below:

(a) **Revenue Support Grant (RSG) / Fair Funding Review**

MTFP(12) assumed that the FFR would be implemented from April 2023. To date there has been no consultation documents released relating to the FFR, which would seem to confirm that it is now unlikely that this will be implemented in 2023/24. In addition, the government is presently reviewing Business Rates, the outcome of which could impact on the utilisation of business rates as a funding mechanism for local government.

It now appears more likely that the FFR will not be implemented until at least April 2024. On that basis it has been assumed that the settlement the council received in 2022/23 will be 'rolled over' into 2023/24. This would result in the additional £8.067 million received by the council in 2022/23 continuing in 2023/24 as well as the assumed 'one off' Services Grant of £8.776 million.

For 2024/25 it has been assumed that the FFR is implemented then and at that time the council would lose the one off Services Grant of £8.778 million to assist the government in smoothing in the impact of the FFR. At this stage, the underlying assumptions built into MTFP(13) are as follows:

(i) The increase in the Social Care grant in 2022/23 of £8.067 million for adult and children's social care will become recurrent;

(ii) The one off Services Grant of £8.778 million received in 2022/23 will rolled over and be received in 2023/24 but will be lost as part of the FFR implementation in 2024/25;

(iii) There will be a 3% inflationary uplift in RSG in 2023/24. There is no certainty at this stage as to whether an increase will be received, however, this assumption is felt to be prudent;

(iv) There will be a 5% inflationary uplift in the Improved Better Care Fund. This uplift has been applied after consultation with NHS finance colleagues from the Integrated Care System;

(v) That the council tax referendum level will be held at 1.99% over the MTFP(13) period and that the council will take advantage of the expected 1% Adult Social Care precept raising capacity available in 2023/24 and 2024/25.

All of these financial planning assumptions could change in the coming months as a result of government announcements.

(b) **Business Rates, Section 31 Grant and Top Up Grant inflation uplift**

The business rate retention (BRR) system was introduced in 2013/14 with local authorities retaining 49% of business rates collected locally from that point forward.

Nationally, although business rates are uplifted every year by inflation based on the consumer price index (CPI) in the September previous to the year of application, the compensation the council receives for previous lost business rates due to government intervention e.g. capping business rate increases is still being paid at the retail price index (RPI). It is expected at some point that government will amend this approach and increase all elements by CPI. To be prudent at this stage a CPI uplift has been assumed.

In recent years government have sought to protect businesses from these increases and capped the actual increase in the business rate multiplier at 0%, but have reimbursed local authorities for the business rates lost by way of a section 31 grant. In 2022/23 £25 million of section 31 grant is being received in lieu of business rate income that would otherwise have been levied.

It has been forecast that business rates, section 31 grant and top up grants will be uplifted by CPI in 2023/24. Government may choose to cap increases again but it is forecast that local authorities will still receive the equivalent uplift through an increase . At this stage a forecast increase of 9% has been assumed.

(c) **Taxbase forecasts**

Reviews have been carried out into the foreast growth in both the council tax and business rate taxbase which would increase income generated in 2023/24. Based upon the reviews it is forecast that the council tax taxbase will increase in 2023/24 by £2.5 million alongside a £0.5 million increase in the business rate taxbase providing a total taxbase increase forecast of £3 million for 2023/24. This position will continue to be monitored over the coming months.

Forecast of taxbase growth of £2 million per annum have been included in each year of the MTFP. This position will be kept under review with any future slowdown in the economy likely to impact upon these forecasts.

(d) **Pay Inflation**

The 2021/22 base budget included 2% in the base for pay inflation but the actual increase was 1.75%. This has resulted in 0.25% being available to support the 2023/23 budget.

The 2022/23 base budget includes additional provision for a 3% pay increase in 2022/23, providing total budget coverage of 3.25%.

Local Government Employers pay negotiation representatives are advising however that it is likely that the pay settlement for 2022/23 will be at least 4% given the current levels of inflation and the forecast increases in National Living Wage levels.

To provide for this eventuality an additional 0.75% for pay has been built into 2023/24 plans to cover the possible 2022/23 shortfall in addition to an assumption of an additional 2023/24 pay increase of 2.5%. These assumptions will need to be tracked and updated as the pay negotiations progress and are finalised and are a source of significant uncertainty. The additional 0.75% pay inflation forecast results in a MTFP / budget pressure of circa £1.9 million.

(e) **Price Inflation**

The updated forecasts in this report identify a number of specific inflationary pressures which will need additional budget provision.

In terms of all other budgets, the price inflation assumption for 2023/24 has been increased from 2% to 3%, before reducing back to the previous assumptions of 1.5% per annum from 2024/25.

The increase in provision for price inflation has increased the budget pressures by circa £1 million in 2023/24.

(f) **National Living Wage/CPI Uplift impact upon adult care fees**

The government have previously committed a strategy for the NLW to reach 66% of national median wages by 2024/25.

The Low Pay Commission report published in November 2021 indicated that increases of circa 5% would be required in 2023/24 and 2024/25 to increase the NLW from £9.50 per hour to attain the 66% of national median wages target.

In March 2022 the Low Pay Commission published an update report due to the significant forecast increase in national wages in 2022/23 and what the impact would be for the NLW to reach the 2024/25 target. The updated forecasts would indicate that the increase required would be to £10.32 (8.6%) per hour in 2023/24 and to £10.95 (6.1%) per hour in 2024/25.

The contract uplifts paid to adult social care providers are heavily linked to the NLW uplifts. In addition fees are also uplifted partially based upon CPI levels. It has therefore been necessary to uplift our forecast of fee uplifts for adult social care from our MTFP(12) position from £7.9 million and £6.8 million for 2023/24 and 2024/25 respectively to £15.8 million and £10.4 million – adding additional budget pressures of £7.9 million in 2023/24 and £3.6 million in 2024/25, a further £11.5 million of additional budget pressures across the MTFP(13) planning period.

(g) **Employer Pension Contributions**

The results of the triennial valuation review of the Pension Fund will need to be applied from April 2023. This will set the employers' pension contribution rate for the following three years, as well as determining the annual contribution to eliminate the pension fund deficit.

Originally it was forecast that that the council would face a reduction of £2 million per annum from 2023/24. The most recent report from the Pension Fund actuaries has indicated that at this stage the fund investments have performed slightly above expectations although this position has been impacted by the recent reductions in international stock markets due to the Ukraine conflict.

At this stage however, it is felt prudent to increase the assumed reduction in contributions to £3.3 million per annum.

(h) **Energy Price Increases**

The 2022/23 base budget included a £3.1 million uplift in energy costs based upon forecasted increases in gas and electricity prices.

In recent months however, mainly as a result of the Ukraine conflict, prices have increased significantly again.

At this stage compared to 2021/22 prices it is forecast in 2023/24 that gas prices will be 88% more expensive whilst electricity will be 180% more expensive.

Although £3.1 million was included in the 22/23 base budget it is currently forecast that the Councils energy budgets will overspend by £3.8 million in 2022/23 and that an additional increase of £4.3 million need to be factored into the 2023/24 budgets, with mixed views in the sector about when (and even if) energy process will return to 2021/22 prices. The position in the current year is partially offset by forward purchasing of energy through the NEPO framework.

(i) **Cost of the Implementation of Adult Social Care Reform**

The 2022/23 local government finance settlement provided details on the first tranche of funding from the health and social care levy. The £12 billion to be made available nationally is being financed by the 1.25% increase in employers and employee's national insurance rates from April 2022 and of this sum, £3.6 billion is to be paid to local government over the 2022/23 to 2024/25 period.

It is expected that this sum will be required for local authorities to cover the cost of implementing a fair cost of care exercise, the implementation of both revised means test arrangements and the introduction of a £86,000 cost cap for care charges from October 2023.

Revised forecasts have been made of the income the council will receive from the Market Sustainability and Fair Cost of Care grant element and of what the cost implications will be for the council.

In MTFP(12) it was forecast that the funding provided would be sufficient and fully offset the additional costs and loss of income the Council would face as a result of these reforms. Further information and understanding of the impact of these reforms and updated assumptions has resulted in revised assumptions.

It is now forecast that the costs the Council will face will exceed the funding provided in 2023/24 by £2.3 million and by £2.8 million across the whole MTFP(13) planning period.

(j) **Childrens Social Care Demographic Pressures**

In recent years the council has had to increase the base budget for childrens social care significantly.

The pressure on the budget in children's social care has been evident for a number of years, as the number of children in the care system has increased significantly and their needs have continued to become more complex.

This budget was increased by £5.5 million in 2018/19 and by a further £6.5 million in 2019/20 to cover the escalating care costs, as well as additional costs for staffing in order to meet the expected challenges and pressures identified in 2019/20. The 2020/21 budget included an additional increase for placement costs of £3.417 million

The 2022/23 base budget was increased by £8.9 million via a 2021/22 in year budget transfer of £4.5 million from Adult and Health Services and by a £4.4 million base budget uplift approved by Council on 23 February 2022.

Despite this, the Children's Services (Children's Social Care and Early Help & Intervention) outturn showed a net £2.232 million overspend for the year in 2021/22, including an overspend of £4.263 million in relation to looked after children's placements and £2.733 million in relation to Bespoke Placements.

The MTFP(12) assumption was for the need for a further £2 million uplift in the 2023/24 base budget. However, given the 2021/22 outturn, the 2023/24 forecast base budget uplift budget has been increased from £2 million to £3 million. This position will be kept under review based on the in-year forecast of outturn reports that will be presented to Cabinet in September and November.

(k) **Forecast increase in major contracts resulting from high levels of inflation**

A number of the councils major contracts have annual inflationary uplift calculations built into them linked to CPI or RPI uplifts and sometimes linked to key materials inflation e.g. diesel prices.

The Council faces significant unavoidable contract price uplifts in a number of major contracts in 2022/23 which will produce an overspend in the current year and which will require base budget increases in 2023/24 in order to ensure a balanced budget is set next year.

The main contracts affected relate to waste and refuse collection where a £1.3 million unavoidable increase is required, home to school transport and local bus subsidy contracts where a £3 million unavoidable increase is required and in some of the ICT contracts where a £0.193 million unavoidable increase is required.

(l) **Looked After Children Sufficiency Strategy: Preventative Strategies**

To seek to address the continuing increase in demand for childrens social care services a range of investments totalling £0.808 million are required to provide mainstream funding for initiatives to reduce demand for services.

PAUSE is a national initiative with a strong evidence base. It has been running in Durham for the last 18 months, funded through temporary and matched DFE funding. PAUSE is an invest to save project and aims to work with vulnerable woman who experience a high number of pregnancies and has been highly effective. Investment of £0.212 million is required to provide mainstream funding for this initiative.

The volume of children missing from home and care has grown significantly since the Covid-19 pandemic occurred. There is a need for additional capacity in the Missing from Home team, requiring investment of £0.320 million to meet the growth in service demand and to ensure that the Council continue to meet its statutory obligations and keep children safe and out of care.

Supporting Solutions service increased its reach throughout the pandemic to work with families with younger children who were also experiencing challenges and risks of these children coming into the care of the council. It is clear that these areas of high demand have not reduced as the pandemic impact has eased and the proposal is to fund these posts at a cost of £0.170 million on a permanent basis from 2023. This will assist in managing the sustained increases in demand across these areas of risk and reduce the need for children and young people to come into the care of the council

Finally, Mockingbird is a national evidence based initiative and provides wraparound support for existing carers so that they have an experienced mentor and support network. It has been adopted nationally as good practice by many local authorities and has proved highly effective in retaining foster carers and thereby helping to avoid placing children in more expensive external placements. The investment requirement is £0.106 million.

(m) **Investment in Fostering**

The Placement Sufficiency Strategy focuses on ensuring that the council continues to attract more high quality foster carers who can care for our children locally and within family based care.

The foster carer market is increasingly competitive and Durham needs to ensure it offers a competitive package of incentives to attract prospective carers to Durham and retain existing carers.

An investment of £1.380 million is required to increase the foster carer allowances (which have remained static for over five years) and provide additional pychology support so that Durham remains competitive and is one of the most attractive places to foster within the region.

In addition additional employee investment of £0.358 million is required. This investment will enable additional support to be provided for the wrap around support offer, for the family support team and to provide additional social worker support.

(n) **Childrens Social Workers**

The demand facing children's social care is at its highest ever level both in terms of volume of cases and complexity. There are now 950 looked after children, compared to an average of 877 in 2019/20.

An investment of £0.810 million is required to further invest in the social care establishment to ensure that social workers have manageable workloads and are able to deliver strong performance**.**

(o) **Neighbourhoods and Climate Change**

Additional investment of £0.243 million is required for tree inspections in open spaces, for humanitarian support and to ensure there is preparedness for future storms.

The council currently only has inspection regimes for trees close to highways, limited by the arborists capacity. Recent storms, including Storm Arwen and Storm Malik highlighted the vulnerability of the council’s inspection regimes with investment of £0.090 million required.

In addition to this, an investment of £0.123 million is required for humanitarian support. The scale of the work in co-ordinating the Council’s activity to the various humanitarian responses has increased exponentially over recent months and is expected to increase further with the recent announcement that Durham will be included in the governments widening dispersal scheme for asylum seekers going forward.

Finally £0.030 million is required for ‘Budget for community resilience and support to expand the community resilience offering across the county and Improve incident planning and preparedness through emergency planning, training and exercising processes.’

(p) **Regeneration, Economy and Growth**

A range of investments are required within the service. A sum of £0.220 million is required for the reprocurement of the Park and Ride bus contract, where the expanded provision is expected to open in late 2022, with the intention to replace the current diesel fleet, with a new electric bus contract consisting of fourteen buses.

An investment of £0.1 million is required for maintenance and operation of the new Durham Bus Station, whilst additional budget of £0.1 million is also required for the repairs and maintenance of council buildings.

It is expected that the Story at Mount Oswald facility will open in 2023/24. A full year investment of £0.148 million is required to provide a Front of House team to deliver a flexible team administered on a rota, always ensuring a sufficient presence on reception and in public spaces.

Finally a £0.206 million investment is required in the North East Screen Industries Partnership. This is a new vehicle, established to facilitate the strategic development of the television and screen industry in the region, including screen industries and other organisations building creative talent in the region. All twelve north east authorities are in the partnership arrangement.

(q) **Resources**

The council utilises barrister services to support child protection cases in relation to childrens social care. The contract has recently been reprocured after a seven year contract came to an end and costs have increased by 35%, which will produce an overspend in the current year. Allied with increasing demand due to caseloads in childrens social care increasing a base budget increase of £0.513 million is required in 2023/24.

In addition, increased demand for ICT services is resulting in an increased budget requirement of £0.085 million in relation to additional licence costs as the Council seeks to make more systems available to front line operatives as part of the digitisation agenda.

(r) **Reopening the Former DLI Building**

There is no revenue impact of the reopening of the former DLI building on the 2023/24 budget. It is forecast however that the full year revenue cost of reopening the DLI will be £0.6 million, whilst additional prudential borrowing of £0.4 million will be required to finance the unbudgeted element of the capital development. These investments were agreed by Cabinet in March as part of the business case. At this stage these sums are included in 2024/25 but this will be kept under review as the capital programme develops.

2023/24 Savings Forecast

30 Based upon the revised assumptions detailed in this report, the savings requirement for 2023/24 is forecast to be £21.9 million, £5.3 million higher than the MTFP(12) forecast position of a £16.6 million budget deficit. The adjusted position reflects the forecast delay in the implementation of the FFR alongside additional inflationary uplifts in IBCF and BRR funding and updated tax base forecasts, offset by additional base budget pressures often linked to high levels of inflation and a range of contractual and unavoidable budget pressures.

31 Savings of £0.275 million for 2023/24 were approved in MTFP(12) relating to the relocation of the council HQ. Regardless of the outcome of the business case to review the new building on The Sands, which ultimately led to the Cabinet decision to seek to sell the building and reprovide HQ facilities on Aykley Heads and in Stanley, this saving required reprofiling in line with the expected occupancy of the new History Centre. This saving has been deferred until 2026/27 in the latest MTFP(13) forecasts.

32 Although the budget deficit of £21.9 million in 2023/24 is the latest forecast, it should be recognised that this figure could significantly change before Council sets the budget on 22 February 2023. The final savings requirement will be influenced by announcements on the FFR and the local government finance settlement for 2023/24. Similarly the council is facing significant additional budget pressures at the present time which could impact upon the savings requirement and there may be a need to accommodate budget pressures as a result of the longer term impacts of the pandemic and inflation upon councils budgets.

33 At this stage, no additional budget growth or provisions have been made of any long term impacts arising from the pandemic, with activity assumed to return to pre-pandemic levels by 2023/24.

34 The MTFP(13) forecasts also assume a 2.99% council tax increase in council tax in 2023/24 and 2024/25, with 1.99% increases across the remainder if the MTFP(13) planning period. The forecast 2.99% increase in 2023/24 and 2024/25 includes the 1% adult social care precept flexibility announced in the 2022/23 local government finance settlement.

35 With this uncertainty in mind work will continue in the coming months to seek to identify additional savings to address any future shortfall. If there is still a shortfall in savings at the time Council agree the budget in February 2023, then the MTFP Reserve (BSR) will need to be utilised. The current balance on the MTFP reserve is £15.2 million. In utilising the MTFP Reserve Cabinet will need to be mindful of the significant budget deficit that is also forecast to exist in 2024/25 of £16 million. The use of reserves to balance the budget is not a sustainable position and is only recommended where there is a need to smooth in more sustainable budget solutions.

MTFP(13) – 2023/24 to 2026/27 Summary

36 The adjustments to MTFP(13) planning detailed in this report have impacted upon the forecast savings requirements for the 2023/24 to 2026/27 period. The current forecast of savings required for the period 2023/24 to 2026/27 are detailed below:

	Savings Requirement	**Less Savings Already Approved**	**Savings Shortfall**
	£m	**£m**	**£m**
2023/24	21.881	0	21.881
2024/25	16.043	0	16.043
2025/26	6.213	0	6.213
2026/27	10.883	0.275	10.608
TOTAL	**55.020**	**0.275**	**54.745**

37 As can be seen, the additional savings required to be developed to balance the budgets over the next four years is estimated to be £54.7 million. This estimate must be considered alongside the uncertainty facing local government at this time, especially in relation to future local government finance settlements, the Fair Funding review and the continuing impact of the pandemic and high levels of inflation upon the council.

38 It is likely that savings plans in the future will become more complex and potentially more front line and as such will require significant planning and consultation. It will be vital that timeframes for delivery are planned effectively to ensure the Council continues to balance the budget across the MTFP(13) period

39 The realisation of additional £54.7 million of savings will have resulted in the Council being required to save £304.7 million from 2011/12 to 2026/27. The updated MTFP(13) Model is attached at **Appendix 2.**

MTFP(13) Timetable

40 A high level timetable up to Budget setting in February 2023 is detailed below:

Date	Action
13 July 2022	MTFP(13) update and LCTRS Review report to Cabinet
September 2022	Corporate Overview and Scrutiny Management Board consider 13 July Cabinet Report
12 October 2022	MTFP update Report to Cabinet
October/November 2022	Corporate Overview and Scrutiny Management Board consider 12 October Cabinet Report Consultation on 2023/24 Budget and MTFP(13)
14 December 2022	MTFP report to Cabinet – outcome of Budget Consultation
December 2022	Corporate Overview and Scrutiny Management Board consider 14 December Cabinet Report
18 January 2023	MTFP report to Cabinet – analysis of provisional local government settlement
January 2023	Corporate Overview and Scrutiny Management Board consider 18 January Cabinet Report
8 February 2023	Budget Report to Cabinet
February 2023	Corporate Overview and Scrutiny Management Board consider 8 February Cabinet Report
22 February 2023	Council Budget and MTFP report

Proposed Consultation Programme

41 Based on the best practice that has developed over previous consultations, it is once again proposed that we consult using our existing County Durham Partnership networks during October and November. This will include the fourteen Area Action Partnerships (AAPs) and the thematic partnerships that support the County Durham Partnership. Additional work will be undertaken with special interest groups and there will be an opportunity for residents to respond electronically via the council's website which will be promoted through the council's presence on various social media platforms.

42 In addition, thematic Scrutiny Committees are being tasked with identifying options for efficiency savings and increased income in their service areas, the outcome of which will inform the Cabinets MTFP(13) deliberations. It is hoped any savings identified and supported by Cabinet will be able to support the 2023/24 and future years budgets. The Corporate Overview and Scrutiny Management Board will provide scrutiny of the MTFP(13) and budget setting process as usual.

Workforce Implications

43 If savings of the magnitude detailed in the report are ultimately required it is forecast that the number of post reductions will increase significantly over the coming four years as savings plans are developed, agreed and delivered to achieve the MTFP(13) required savings of £55.0 million. The exact number will not be known until proposals are fully developed and assessed.

44 The council will continue to take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce. This will require a continued focus on forward planning, careful monitoring of employee turnover, only undertaking recruitment where absolutely necessary and retaining vacant posts in anticipation of any required service changes, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce wherever possible.

45 In addition, the way that work is organised and jobs designed will continue to be reviewed by service groupings, with the support of Human Resources, to ensure that changes that are made to maximise the use of the workforce numbers and skills and introduce flexibility into the way work is organised to maximise the capacity of the remaining workforce.

46 These actions will ensure that, wherever possible, service reductions continue to be planned well in advance of commencing the exercises, employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

Equality Impact Assessment of the Medium Term Financial Plan

47 Consideration of equality impact analysis and mitigation is an essential element that members must consider in their decision making. As in previous years, equality impact assessments will be key to capturing and utilising equality analysis throughout decision making processes, alongside the development of MTFP(13).

48 The aim of the equality impact assessment process is to:

(a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, disability, gender reassignment,

marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation;

(b) identify any mitigating actions which can be taken to reduce negative impact where possible;

(c) ensure that we avoid unlawful discrimination as a result of MTFP decisions;

(d) ensure the effective discharge of the public sector equality duty.

49 As in previous years, equality impact assessment will be considered throughout the decision-making process, alongside the development of MTFP(13). This is required to ensure MTFP decisions are both fair and lawful. The process is in line with the Equality Act 2010 which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires us to make reasonable adjustments for disabled people.

50 In addition, the public sector equality duty (PSED), contained at section 149 of the Equality Act, requires us to pay 'due regard' to the need to:

(a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

51 A number of successful judicial reviews have reinforced the need for robust consideration of the public sector equality duty and the impact on protected characteristics in the decision making process. Members must take full account of the duty and accompanying evidence when considering the MTFP proposals.

52 Throughout the period of MTFP planning through to setting of the 2023/24 budget and MTFP(13) in February 2023, the equality analysis for all savings proposals will be developed alongside emerging savings proposals. Any relevant consultation activity and/or feedback will be fed into assessments. Equality analysis and impact assessments will be considered in decision-making processes and at budget setting.

53 In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:

(a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;

(b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;

(c) objectively consider any negative impacts and alternatives or mitigation actions so that they support fair and lawful decision making;

(d) are closely linked to the wider MTFP decision-making process;

(e) build on previous assessments to provide an ongoing picture of cumulative impact.

Local Council Tax Reduction Scheme for 2023/24

54 Following the abolition of the national Council Tax Benefit (CTB) system on 31 March 2013, Local Authorities have been required to work with their precepting bodies to establish a Local Council Tax Reduction scheme (LCTRS); reviewed on an annual basis. The LCTRS provides a 'discount' against the council tax charge, rather than a benefit entitlement.

55 The Council Tax Reduction Scheme Grant is paid directly to the council and the major precepting bodies (Police and Fire) and forms part of the council's formula funding arrangements.

56 As this Government grant is a fixed amount, when there is growth in the numbers of council taxpayers becoming eligible for support with their council tax, there is a resulting risk to the Local Authority; this was seen in the early months of the pandemic in April/May 2020.

57 The council's formula grant includes an element relating to Town and Parish (T&P) Councils and whilst the council has previously passed the notional LCTRS grant on to the Town and Parish Councils, there is no statutory requirement to do so, with the majority of other Councils not doing so now.

58 Following discussions via the Town and Parish Councils' Working Group, and in the spirit of partnership working, recognising the important role Town and Parish Councils play in providing local services to communities, the Council again passed on the Town and Parish element of the formula grant in 2022/23.

59 Discussions will need to take place with the Town and Parish Councils' Working Group to inform decisions for 2023/24. At this stage it is assumed that payments will continue at the same level as in the current year, where payments total £1.393 million.

60 LCTR provides a 'discount' against the council tax charge, rather than crediting the account with a benefit payment and as such impacts on the council tax base and therefore the tax raising capacity of the council and its precepting bodies.

61 All local authorities are required to follow a national LCTR scheme for pension age applicants, which protects their entitlement at the same level as under the former national CTB regime. The pension age scheme can only be altered locally in ways which make it more generous to applicants.

62 There are no such restrictions on the level of support that can be given via working age LCTR schemes.

63 In the North East region, Durham are now the only authority whose scheme continues to mirror entitlement under the former CTB system for all claimants. The other eleven councils have schemes which offer an overall lower level of support to working age claimants.

64 The majority of councils who made changes to their schemes in the first few years of LCTR, did so to cap the overall amount that could be paid to working age households.

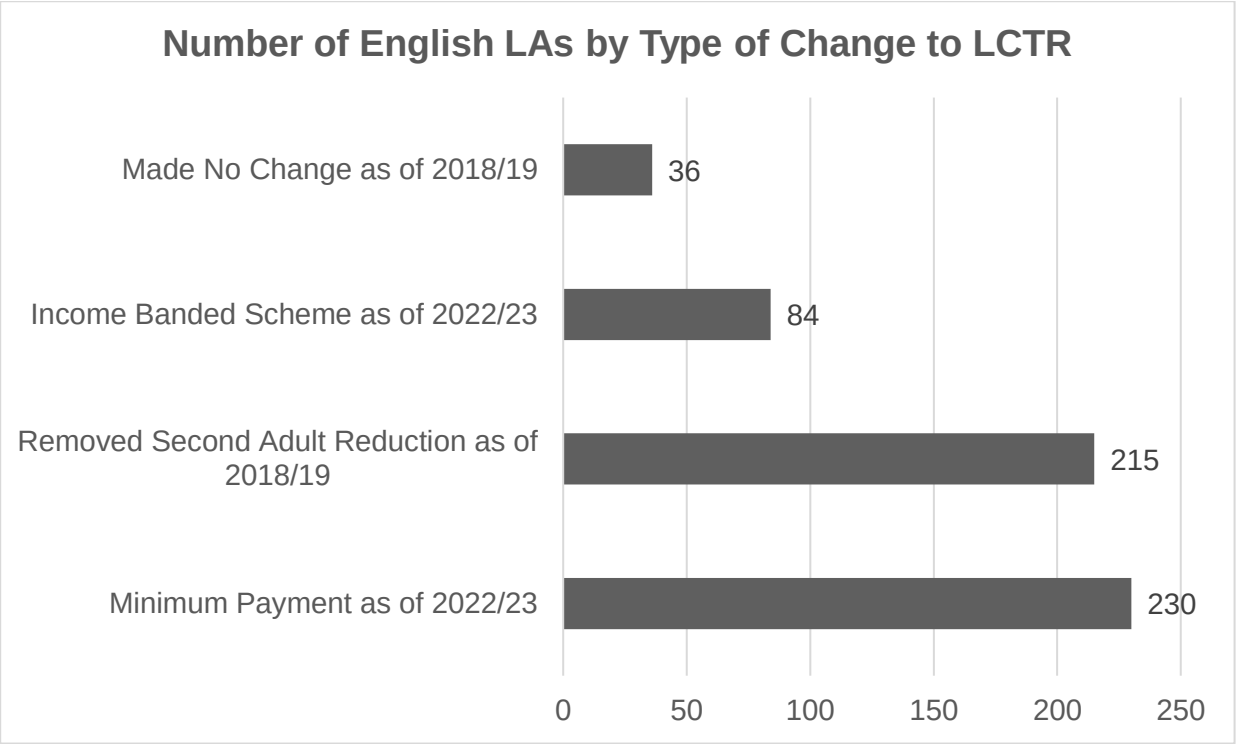
65 The most recent comprehensive national data was published in 2018/19 by the Joseph Rowntree Foundation, although some basic national data was recently published by Entitled To concerning 2022/23 schemes.

66 Over 80% of councils have made at least one significant change to their scheme since the original schemes were adopted in 2013/14.

67 Different councils have set their schemes at very different levels across the country. Combined with different choices about other aspects of scheme design, this means that similar households are treated very differently according to where they live.

68 More recently, local authorities have started to focus on making changes to simplify administration and reduce the number of award changes for in-work Universal Credit (UC) claimants, while maintaining a cap on the total amount that an applicant can receive.

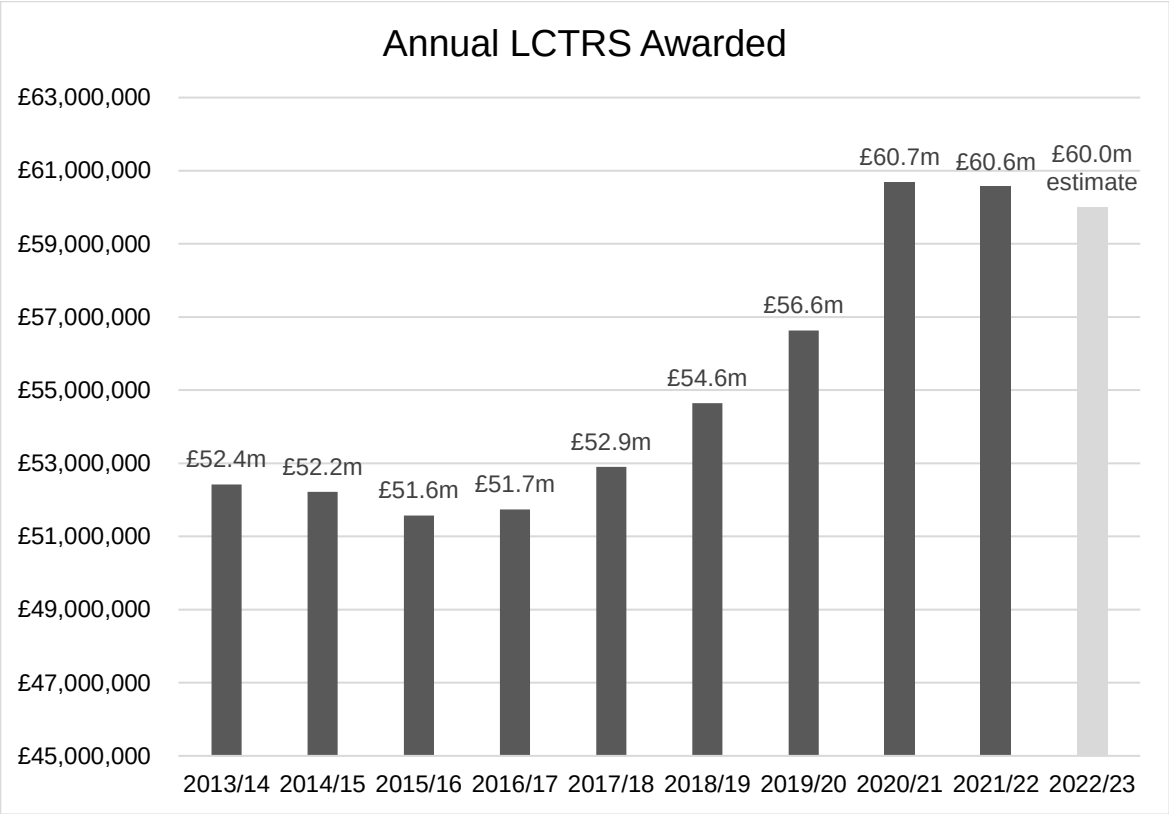
69 In England, 230 of 309 local authorities (74%) do not offer 100% reductions in liability to any working age residents and require a minimum payment instead regardless of the personal circumstances of the claimant.



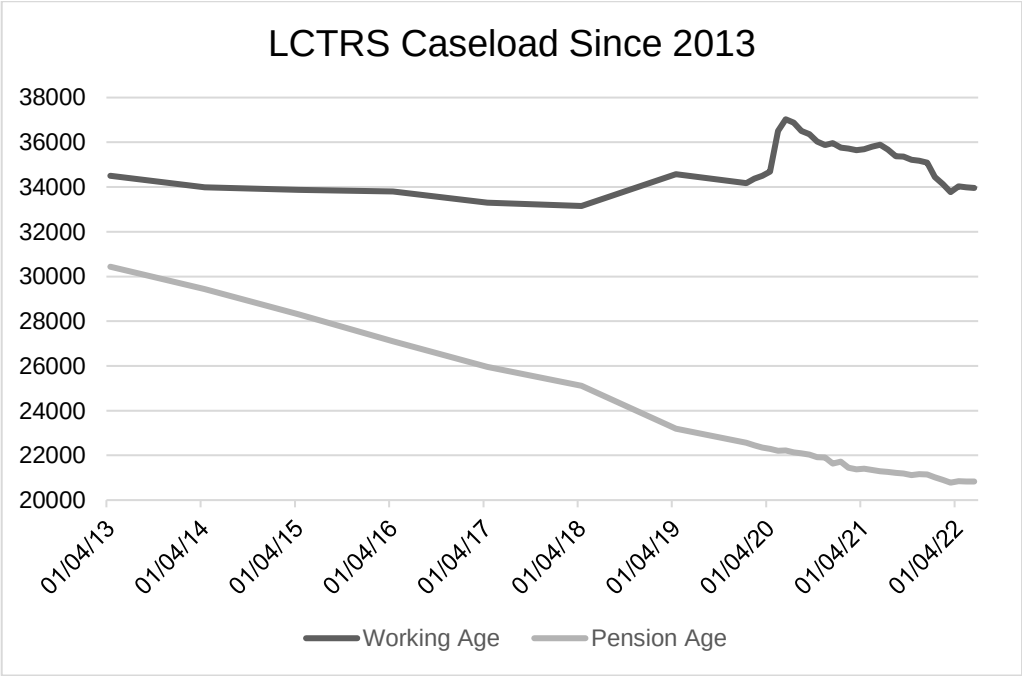
70 The roll-out of Universal Credit is currently scheduled to be completed by the end of 2024. As at 1 June 2022, there were circa 19,350 LCTR applicants in cCunty Durham receiving UC, around 57% of the current working age LCTR caseload.

71 There are currently 54,800 LCTR cases in County Durham, of which 20,800 (38%) are of pension age and 34,000 (62%) are of working age. Almost 80% of all working age applicants currently receive maximum LCTR, leaving them with no council tax to pay. Approximately 85% of working age LCTR applicants live in rented accommodation and 88% occupy Band A properties. LCTRS support is forecast to be circa £60 million in 2022/23.

72 The table below shows the year on year differences in LCTR scheme costs over the last nine years. Whilst it is important to note that the council tax charges have increased across this period also, there was a significant increase in both caseload and costs in 2020/21 that continued into 2021/22.

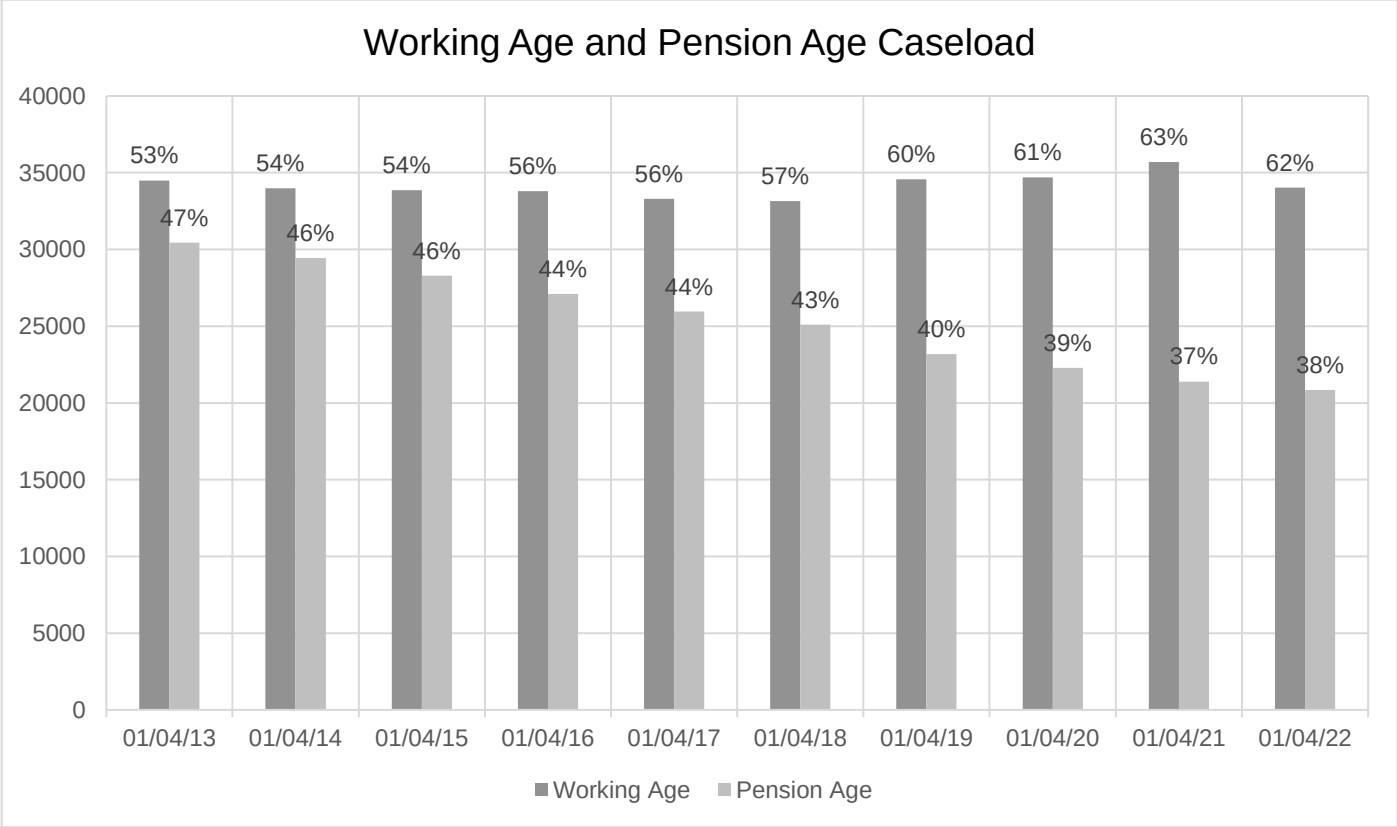


73 The council's LCTR scheme saw a significant increase in demand as a result of the Covid-19 pandemic. The pension age caseload has continued a trend of year on year reductions – primarily due to increases in the retirement age. The working age caseload, however, increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received by 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 of the same year. By March 2022, the number of working age LCTR claims had returned to pre-pandemic levels:



74 In Durham, there are now over 4,100 LCTR claimants currently classed as working age that would have been treated as pensionable age claimants prior to 2010, when the process of moving eligibility to state pension credit age from 60 to 66 began. There will then be a further move up to 67 between 2026 and 2028, then to 68 between 2044 and 2046.

75 Over the last nine years there has been a nine percentage point increase in the proportion of working age caseload in County Durham. This means a higher proportion of our caseload is coming under the part of the LCTRS scheme that the Council has control over. Working age claimants, particularly those on UC, carry a much greater administrative burden as they have more frequent changes in their circumstances that need to be processed, producing multiple bills across the year.



76 It is important to consider any impact on the collection rate for council tax, that changes to the LCTRS can have. The Institute for Fiscal Studies (IFS) estimate that a quarter of the additional council tax liability created by cuts to LCTR since 2013 has not being collected in year.

77 More significantly however, UC changes result in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any council tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%, and further still in 2019/20 to 96.37%. Performance in 2020/21 (93.43%) was impacted significantly by the pandemic with recovery action largely suspended for the

whole of the year. In 2021/22 the in-year recovery rate improved to 95.46%, however this is still almost one and a half percentage points below the 2017/18 rate of 96.83%, in part reflecting the ongoing impact of the expanding UC rollout on LCTRS and council tax collection.

78 The regional picture in terms of the schemes currently in operation and comparison of in-year collection rates with that which existed pre LCTRS is shown below for the position to 31 March 2022. It is notable that until April 2022, Durham was the only authority which did not require a minimum payment from all working age LCTR applicants and it is alone in having improved its collect rate since council tax support was localised:

Local Authority	Basis of Scheme	Minimum Payment	Second Adult Reduction Offered?	Change in in-year council tax collection rate between 2012/13 and 2021/22
Durham	CTB	No	Yes	+0.46%points
Darlington	CTB	20%	No	-1.03%points
Gateshead	CTB	8.5%	No	-2.08%points
Hartlepool	CTB	12%	No	-5.39%points
Middlesbrough	Income Banded – since 2022/23	10%	No	-4.58%points
Newcastle	Income Banded – since 2018/19	No (was 15% but removed for 2022/23)	No	-0.34%points
North Tyneside	CTB	15%	No	-2.10%points
Northumberland	CTB	8%	Yes	-0.29%points
Redcar and Cleveland	CTB	17.5%	No	Not Available
South Tyneside	CTB	30% or 15% if vulnerable	Yes	-4.15%points
Stockton	Income Banded – since 2022/23	No (was 20% but removed for 2022/23)	No	-3.77%points
Sunderland	CTB	8.5%	No	-4.95%points

79 If any changes are to be made to the Councils LCTRS scheme, these must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Full Council meeting before 11 March each year. In reality, decisions are needed much earlier than this given the impact on tax base calculations and the need to firm up the tax base forecasts much earlier in the budget planning cycle.

80 Pensioners, have to be protected from any changes, with any reductions applied to working age claimants only.

81 Ten years after the government abolished the national CTB system the council continues to have a LCTR scheme which mirrors the previous entitlement under the CTB system for all claimants. No LCTR claimants have therefore been financially worse off in the last ten years (including the current year) than they would have been under the previous national scheme.

82 The council has been mindful of the continuing impacts of the wider welfare reforms and from the recent squeeze on household incomes from cost of living increases which are having a detrimental impact on many low income households. Additional council tax liabilities for working age households could have a significant impact on low income household budgets by around £100 to £350 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would make collection of council tax more difficult and costly to recover from these low-income households.

83 In approving the scheme for 2022/23, the council gave a commitment to review the scheme on the grounds of medium term financial plan (MTFP) affordability and on-going austerity causing further MTFP pressures.

84 The reduction in Government Grant support towards maintaining these schemes in the first year (2013/14) was £5.1 million, after which the Local Council Tax Support Grant was subsumed into general formula grant, which was and subject to annual reductions up to 2019/20. To recover the full initial £5.1 million cost by reducing the benefit awarded to working age claimants, and factoring in a prudent collection rate of 80%, would require the maximum entitlement to be reduced from 100% to 84.9% based on current caseloads.

85 Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £3.4 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1 million (based on a scheme that awarded maximum entitlement of 84.9% with a prudent collection rate of 80%). This would impact circa 34,000 working age households across

County Durham, where 6,200 (18.2%) are actually in low paid jobs rather than being unemployed.

86 Following careful consideration of the current financial position of the council and in light of the continuing impact of the coronavirus pandemic, welfare reforms including the continued roll out of Universal Credit, which commenced in October 2017 in County Durham; and the current cost of living impacts it is proposed that Cabinet recommend to Council that the current scheme should be extended for a further year into 2023/24 and, therefore, that no additional council tax revenues or pressures are built into the MTFP projections from a review of the LCTRS at this stage.

87 The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the Government's welfare reforms are complex and difficult to track, demand for Discretionary Housing Payments; Social Fund Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide-ranging proactive support that has been put in place, is continuing to have a positive impact on these households.

88 The council will need to continue to review the national situation and track what is happening in local authorities that have introduced LCTR schemes that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.

89 The council will also need to keep track of the continuing impact of the roll out of Universal Credit (UC). This presents continuing challenges for the administration of the LCTRS as it results in a much higher number of changes in circumstances and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTR claims side by side.

90 More significantly however, UC changes results in multiple reworking and changes to LCTR entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any council tax balance they are responsible for.

Conclusion

91 The council continues to face significant financial uncertainty for the MTFP(13) planning period, coving the financial years 2023/24 to 2026/27. The uncertainty relating to future government financial settlements is exacerbated by the ongoing impact of the pandemic alongside increases in base budget pressures from inflation, national living wage, social care and waste disposal.

92 Planning will continue in relation to the identification of savings to enable future years budgets to be balanced. The MTFP Reserve of £15.2 million is available to support the protection of front line services although it is recognised that this reserve could be quickly exhausted if early decisions are not made and it must be recognised that .

Background papers

- Local Government Finance Act 1992
- Welfare Reform Act 2012
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations (as amended)
- The Impacts of Localised Council Tax Support Schemes – Institute for Fiscal Studies Report January 2019

Other useful documents

- Medium Term Financial Plan (12), 2022/23 to 2025/26 – Report to Council 23 February 2022
- Local Council Tax Reduction Scheme 2022/23 – Report to Council 20 October 2021

Author(s)

Jeff Garfoot	Tel: 03000 261946
Mary Readman	Tel: 03000 268161
Andy Palmer	Tel: 03000 268551
Gordon Elliott	Tel: 03000 263603

Appendix 1: Implications

Legal Implications

The council has a statutory responsibility to set a balanced budget for 2023/24. It also has a fiduciary duty not to waste public resources.

The Welfare Reform Act 2012 abolished the national council tax benefits system (CTB), paving the way for new Local Council Tax Reduction Schemes (LCTRS) to be introduced under the auspices of the Local Government Finance Act 1992. Section 13A of the Local Government Finance Act 1992 ("the 1992 Act") requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need ("a council tax reduction scheme").

The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 ("the 2012 Regulations") prescribe matters which must be included in such a scheme in addition to matters set out in paragraph 2 of Schedule 1A to the 1992 Act.

Each year regulations amending the 2012 Regulations are made in November/December. The majority of the amendments are to ensure consistency with changes to social security legislation and these are subsequently included in our local scheme.

The LCTRS provides a 'discount' against the council tax charge, rather than a benefit entitlement and as such impacts on the council's tax base.

Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the council to calculate a council tax base for each financial year.

The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012 and applies to the financial years beginning 1 April 2013 onwards contains the rules which require the council to calculate the Council Tax Base.

A key element of the tax base calculation is the council's policy in terms of its LCTRS.

There is a statutory requirement for the Council to adopt a local council tax support scheme for the ensuing financial year by 11 March each year. Where the council is proposing any changes to its scheme, there is a statutory requirement to consult on these proposals in advance of making any changes. Pensioners have to be protected from any changes, with any reductions applied to working age claimants only.

Finance

The report highlights that at this stage additional £21.9 million of savings are required to balance the 2023/24 budget with £55.0 million across the next four years. A saving of £0.275 million has been previously approved by Cabinet in relation to the new HQ development. This results in a savings shortfall over the MTFP(13) period of £54.7 million. Work will continue over the coming months to identify savings to balance the budget across the MTFP(13) period.

The funding made available to support the Local Council Tax Reduction Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the Council's formula funding arrangements.

The Council has continued to pass on the Town and Parish element of its formula grant over the last five years but in doing so continues to apply pro-rata reductions in the Council Tax Support Grant paid to Town and Parish Councils. Local Council Tax Support Grant payments to Town and Parish Councils is forecast to be £1.393 million in 2023/24 should the Council decide to continue making these payments next year.

The Council is responsible for the costs of any increase in caseload as the level of Government support is fixed (and has been subject to reductions up to 2019/20) within formula grant.

Prudent estimates and provisions were built into the tax base forecasts for the current year at budget setting, and whilst the Council is subject to greater financial risk now, the current scheme remains within the budget provisions.

Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from affected low income households, there would be scope to increase Council Tax revenues by between £3.4 million (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.1 million (based on a scheme that awarded maximum entitlement of 84.9% with a prudent collection rate of 80%). This would impact circa 34,000 working age households across County Durham, where 6,200 (18.2%) are actually in low paid jobs rather than being unemployed.

Consultation

Consultation on the 2023/24 budget and MTFP(13) will include engagement via existing County Durham Partnership networks during October and November. This will include the fourteen Area Action Partnerships (AAPs) and the thematic partnerships that support the County Durham Partnership. Additional work will be undertaken with special interest groups and there will be an opportunity for residents to respond electronically via the council's website which will be promoted through the council's presence on various social media platforms.

The thematic Scrutiny Committees are also being tasked with identifying options for efficiency savings and increased income in their service areas, the outcome of which will inform the Cabinets MTFP(13) deliberations. The Corporate Overview

and Scrutiny Management Board will provide scrutiny of the MTFP(13) and budget setting process.

If any changes are proposed to the LCTR scheme, these must not impact on pension age claimants, must be consulted on and be subject to an equality impact assessment. Councils are required to review and approve their schemes annually and have this agreed by a Full Council meeting before 11 March each year. In reality, decisions are needed much earlier than this given the impact on tax base calculations and the need to firm up the tax base forecasts much earlier in the budget planning cycle.

Equality and Diversity / Public Sector Equality Duty

Under section 149 of the Equality Act 2010 all public authorities must, in the exercise of their functions, “have due regard to the need to” eliminate conduct that is prohibited by the Act. Such conduct includes discrimination, harassment and victimisation related to protected characteristics but also requires public authorities to have due regard to the need to advance equality of opportunity and foster good relations between persons who share a “relevant protected characteristic” and persons who do not. This means consideration of equality analysis and impacts is an essential element that Members must take into account when considering these savings proposals.

Ten years after the Government abolished the national Council Tax Benefits System the council continues to have a LCTRS which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last nine years than they would have been under the previous national scheme and if the proposals set out in this report and ultimately agreed by Council in the autumn this will continue to be the case.

The Government EIA on the LCTRS was published in January 2012 and is relatively brief. It considered equality impacts in relation to age and disability, concluding that protection for pensioners would be a positive impact and the effects on disabled people would depend on how each local authority responded to the reduction in council tax support. No impacts were identified in relation to gender or ethnicity and no other protected characteristics were considered and it was left to individual councils to identify full local impacts, based on local implementation.

Given the proposals to extend the current LCTRS into 2023/24 thereby continuing to protect current entitlement, there will be no negative equalities impact, with the financial position of claimants protected in 2023/24.

Should the council decide against extending the current scheme into 2023/24 and elect instead to pass on reductions to working age claimants, there would be a range of potential negative equalities impacts. These include financial impact for working age claimants and possible additional impacts in relation to health and wellbeing, housing and the consequences of debt or legal action. These impacts

are most likely in relation to gender, age and disability with limited impacts for race and sexual orientation and no evidence of impact on transgender status, religion or belief.

Climate Change

The council budget will be developed to provide resource to enable the council to meet the requirements set out in the council's Climate Change Emergency Response Plan.

Human Rights

Any human rights issues will be considered for all proposals agreed as part of MTFP(13).

Crime and Disorder

None

Staffing

The impact of the MTFP upon staffing is detailed within the report**.**

Accommodation

None

Risk

A robust approach to Risk Assessment across the MTFP process will be followed especially in relation to any individual risk assessments of savings plans.

The report outlines a range of financial risks surrounding the LCTRS. These are being effectively managed at this time. Given that the proposal is to extend the current arrangements into 2023/24 there are no system development issues or risk associated with these proposals.

The council will need to continue to keep track of the impact of the roll out of Universal Credit (UC). This presents challenges for the administration of LCTRS as it results in a much higher number of changes in circumstances (experience is that the UC earned income element changes frequently as the person moves through the claimant commitment with their Work Coach) and removes the administrative economies of scale currently achieved by administering Housing Benefit and LCTRS claims side by side.

More significantly however, UC changes result in multiple reworking and changes to LCTRS entitlement throughout the year and multiple bills being issued to individual households resulting in numerous changes to their net liability and instalment plans for any council tax balance they are responsible for. After many years of continued improvement, our in-year council tax collection rate reduced slightly in 2018/19 to 96.65%, and further still in 2019/20 to 96.37%. Performance in 2020/21 (93.43%) was impacted significantly by the pandemic with recovery

action largely suspended for the whole of the year. In 2021/22 the in-year recovery rate improved to 95.46%, however this is still almost one and a half percentage points below the 2017/18 rate of 96.83%, in part reflecting the ongoing impact of the expanding UC rollout on LCTRS and council tax collection.

Procurement

None

Appendix 2: MTFP(13) 2023/24 – 2026/27 Model

	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Government Funding				
Revenue Support Grant (3% then 1.5%)	-870	-445	-450	-455
IBCF Uplift (5%)	-1,500	0	0	0
Services Grant	0	8,776	0	0
Social Care Levy Funding	-9,200	-3,000	0	0
B Rates/S31 - S31 Adj & CPI increase (9%/3%/1.5%/1.5%)	-6,800	-2,300	-1,100	-1,100
Top Up - CPI increase (9%/3%/1.5%/1.5%)	-6,400	-2,150	-1,050	-1,050
Other Funding Sources				
Council Tax Increase (2.99%/2.99%/1.99%/1.99%)	-7,200	-7,300	-5,000	-5,100
Council Tax Base increase	-3,000	-2,000	-2,000	-2,000
Business Rate Tax Base increase	-500	-500	-500	-250
Estimated Variance in Resource Base	**-35,470**	**-8,919**	**-10,100**	**-9,955**
Pay Inflation (2.5%/2%/2%/2%)	6,100	5,100	5,200	5,300
Pay Inflation 22/23 Shortfall (0.75%)	1,900	0	0	0
Price Inflation (3%/1.5%/1.5%/1.5%) - excludes social care fees	3,100	1,500	1,550	1,600
Base Budget Pressures				
Social Care Fee Inflation Uplift - includes NLW and CPI	15,800	10,400	3,300	3,500
National Living Wage Other Service Areas	350	400	50	50
Pension Fund Revaluation	-3,300	0	0	0
Energy Price Increases	4,300	0	0	0
Social Care System Licenses	100	0	0	0
Adults Demographic Pressures	1,000	1,000	1,500	1,500
Adults - costs associated with Social Care reform	11,500	1,750	0	1,750
Children's Demographic Pressures	3,000	2,000	2,000	2,000
Tees Valley SPV Set Up Costs	0	0	30	0
Low Carbon Team - staffing & partnership development	84	0	0	0
Vehicle Fleet - Transfer to electric vehicles	0	0	1,328	3,238
Community Protection Workforce Development	218	196	-200	0
Woodland Protection / Nature Reserves / Public Rights of Way	0	0	-145	0
Waste Inflation	1,300	0	0	0
Transport Inflation (Local Buses and School Transport)	3,000	0	0	0
Core ICT System Inflation	193	0	0	0
CYPS Social Care Preventative Strategies	808	0	0	0
CYPS Fostering Investment	1,738	0	-1,200	0
CYPS Social Workers	811	0	0	0
NCC Tree Inspections	90	0	0	0
NCC Humanitarian Support	123	0	0	0

NCC Civil Contingencies	30	0	0	0
REG Park and Ride Reprocurement	220	0	0	0
REG Durham Bus Station	100	0	0	0
REG Buildings Repair and Maintenance	100	0	0	0
REG History Centre Front of House Team	148	0	0	0
REG North East Screen Industries Partnership	206	0	0	0
RES Barrister Support for CYPS Social Care	513	0	0	0
RES ICT Licencing	85	0	0	0
Aykley Heads Cultural Venue (Former DLI Building)	0	600	0	0
Unfunded Superannuation	0	-100	-100	-100
Prudential Borrowing	3,000	3,400	3,000	2,000
Net Collection Fund Position after 75% Grant applied	834	-1,284	0	0
TOTAL PRESSURES	**57,451**	**24,962**	**16,313**	**20,838**
Use of One Off funds				
Adjustment for use of BSR in previous year	0	0	0	0
Use of Budget Support Reserve in year	0	0	0	0
Savings				
Savings Agreed in MTFP(10)	0	0	0	-275
MTFP(13) Savings	0	0	0	0
SAVINGS SHORTFALL	**21,981**	**16,043**	**6,213**	**10,608**
	TOTAL SHORTFALL			**54,845**

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Cabinet

13 July 2022

Storm Arwen review

Ordinary Decision

Report of Corporate Management Team

Alan Patrickson, Corporate Director of Neighbourhoods and Climate Change

Councillor John Shuttleworth, Cabinet Portfolio Holder for Rural Communities and Highways

Electoral division(s) affected:

Countywide.

Purpose of the Report

1 To consider a review of the response to Storm Arwen and an improvement plan for managing future incidents.

Executive summary

2 Storm Arwen hit the north of the United Kingdom on the afternoon of Friday 26 November 2021 and that night caused extensive damage across northern England.

3 More than one million homes lost power as falling trees and poles brought down power lines, with over 100,000 homes experiencing several days without power. The strong winds also caused structural damage to buildings and transport was disrupted with rail services cancelled, roads blocked by fallen trees and overturned vehicles and snow accumulations across the Pennines.

4 In County Durham, the electricity distribution network proved to be particularly susceptible to storm damage. Over 14,890 utility customers were affected by a loss of power. The outages affected all parts of the county and many residents were without power for several days before power was restored to all properties on Thursday 9 December 2021.

5 The initial impacts of the storm were felt overnight on 26 and 27 November 2021. Emergency and council services responded to calls

overnight and commenced clean-up operations as soon as it was safe to do so the following day.

6 County Durham and Darlington Local Resilience Forum (LRF) implemented its multi-agency incident procedures on the morning of Saturday 27 November 2021 to coordinate response to storm damage incidents. Alongside the local emergency service response, Northern Powergrid (NPg) commenced operations to assess and repair damage to the power distribution network, in order to restore power to its customers as quickly as possible.

7 On Saturday 27 November, the council's response was coordinated internally via our normal emergency response procedures. However, with large numbers of communities still without power on Sunday 28 November, the council escalated its response in line with the corporate emergency plan, by standing-up a senior officer coordinating group and calling up more customer support staff.

8 Initially it was understood that most properties should have been reconnected by midnight on Saturday 27 November and then Sunday 28 November. However, by the beginning of the following week it was clear that it would take days to get many customers onto temporary generated power, and potentially weeks to rebuild and repair parts of the power distribution network.

9 Given concerns about the duration of the power outages and uncertainty about when power would be restored, on Tuesday 30 November the council requested that the LRF establish a strategic coordination group (SCG), which led to the declaration of a major incident on Wednesday 1 December. The council submitted a request for Military Assistance to Civil Authorities (MACA) which was approved by the Department for Levelling Up, Housing and Communities (DLUHC) on Thursday 2 December.

10 Agencies worked together with local communities to contact and visit vulnerable people, and to provide affected residents with help and support ranging from welfare centres, hot meals, food, stoves, heaters and support supplies and where required, arranging alternative temporary accommodation. The council also assisted with welfare and hardship payments while people waited for compensation claims to be processed.

11 As with previous incidents and the response to Covid-19, community, voluntary and faith groups across the county were outstanding in rallying-round and providing rapid and spontaneous support, which ranged from checking on isolated people, providing food and supplies, to opening-up community centres, halls and churches to provide places

for shelter, company and warmth. Given the duration and widespread nature of the outages, community, voluntary and faith groups responses were invaluable in helping people affected by the storm.

12 A number of de-briefs and reviews of the response to the storm have been commissioned and undertaken including national reviews by the Department for Business, Energy, Innovation and Science (BEIS) and The Office of Gas and Electricity Markets (Ofgem) and by County Durham and Darlington Local Resilience Forum (CDDLRF). These are summarised in the report.

13 In addition, the council undertook its own review, which consisted of seeking the views and experiences of officers who responded to the incident; elected Members; local community organisations and parish councils which responded to the incident; and the general public. The different elements of the review are summarised in the report.

14 To include an element of external challenge and peer review, the council engaged with Durham University and Cornwall Council in the de-brief.

15 The views of Safer and Stronger Overview and Scrutiny Committee were also sought on the de-briefs and review with a special meeting of the Committee held on 20 May 2022 to consider the proposed improvement plan.

16 A number of common observations and conclusions have emerged from the review, including:

(a) a mixed view from the members of the public who responded to the survey with many expressing dissatisfaction with the speed of response, communication and identifying that they tended to rely on help from friends, family and neighbours and local community support as opposed to responder agencies. Others however commented favourably on the efforts of frontline staff, councillors and MPs and the support provided by responder agencies;

(b) a recognition that the multi-agency responses to subsequent incidents - Storms Malik/Corrie and Dudley/Eunice - had improved with immediate lessons learnt from Storm Arwen;

(c) while the national review of the response to Storm Arwen has identified the need to clarify the roles and responsibilities of utility companies and local responders in relation to the provision of welfare support, many members of the public, local communities and elected representatives who responded to the review expected that the council should provide support and that this should happen quickly and sooner than it did in Storm Arwen;

(d) expectations on timescales and speed of response. For the category of storm and severity of disruption experienced during Storm Arwen, Ofgem's Quality of Service Guaranteed Standards allow network operators up to 48 hours to reconnect customers before customers are entitled to compensation for inconvenience and costs. This tends to set the timeframe for when utility companies ramp-up community welfare response. From the survey, it is clear that some members of the community expect more immediate support and action in the event of power outages;

(e) concern about how long it took the council and partner agencies to identify the severity of the situation and declare a major incident and escalate the response;

(f) concern about the effectiveness of command and control during the first few days of incident response. It was not clear whether NPg was leading the efforts or another agency. NPg established a control centre in St John's Chapel, which became the focal point of its response, whereas large parts of the wider county had also been affected by the storm and required support;

(g) once it was established, the LRF response structure proved to be effective, with the council playing a significant role in coordinating and supporting the multi-agency response with partner agencies and the community and voluntary sector via the area action partnership coordinators. Many officers across the council stepped in at short notice and worked out of hours to manage the response and provide support to local residents;

(h) the scale of the response was significant. Over 5,000 visits were made to check on vulnerable residents. Three hundred and thirty emergency support packs containing heaters, stoves, torches, batteries and other emergency items were issued. The council commissioned 41 visits by mobile catering units to 11 different localities across the county and helped place 14 households in emergency alternative accommodation;

(i) the significant and valuable role played by community, voluntary and faith groups across the county in providing rapid and spontaneous support and the need to support the expansion of this by supporting communities to develop their own local community resilience plans and capacity. Related to this, the need to continue to provide advice to households on how they can prepare for incidents such as power outages;

(j) following the publication of the national reviews, the need to clarify the respective roles and responsibilities between utility companies and local responders in relation to welfare support and response and when this should happen;

(k) the need for NPg to engage more effectively in multi-agency response, to ensure that data and information is shared to improve joint understanding of impacts and that the company contributes to shared multi-agency solutions and responses;

(l) the need to improve awareness and understanding of emergency planning and response and procedures amongst elected Members and the much larger cohort of officers and staff who may be required to respond to major and long-duration incidents.

17 Based on the de-briefs and feedback received, an improvement action plan has been developed, with improvement actions suggested against the following themes:

(a) Review and expand the community resilience offering across the county;

(b) Improve incident planning and preparedness through emergency planning, training and exercising processes including the role of Members;

(c) Review emergency response resources and establish qualifying criteria for future incidents;

(d) Review of communication and information sharing during incident response following the Joint Emergency Services Interoperability Principles (JESIP);

(e) Develop a protocol for the activation and use of council staff during an incident;

(f) Review strategic, tactical and operational decision making and governance.

Recommendations

18 Cabinet is recommended to:

(a) note the contents of the report and the feedback from the different elements of the review outlined in Appendices 4 to 8;

(b) note the comments from the Stronger and Safer Overview and Scrutiny Committee meeting held on 20 May 2022 outlined in paragraphs 128 to 131;

(c) approve the improvement plan outlined in Appendix 9;

(d) within this, agree to support the expansion of community resilience support across the county and the provision of improved training for elected Members and officers on emergency planning;

(e) agree to share the report with NPg and the LRF to inform their own reviews and multi-agency planning.

Background

19 Storm Arwen hit the north of the United Kingdom on the afternoon of Friday 26 November 2021 and that night caused extensive damage across northern England. The storm was followed immediately by a period of cold weather with freezing temperatures and snow in the high Pennine areas and then by a second, though less severe storm (Storm Barra) five days later.

Impacts

20 Thousands of trees fell across the north of the UK during Arwen, causing major disruption. More than one million homes lost power as falling trees and poles brought down power lines, with over 100,000 homes experiencing several days without power. The network damage and power outages put strain on the utility companies and NPg in particular. The strong winds also caused structural damage to buildings and transport was disrupted with rail services cancelled, roads blocked by fallen trees and overturned vehicles and snow accumulations across the Pennines.

21 In County Durham, the electricity distribution network proved to be particularly susceptible to storm damage. Over 14,890 utility customers were affected by a loss of power. The outages affected all parts of the county and many residents were without power for several days before power was restored to all properties on Thursday 9 December.

Emergency planning and civil contingency arrangements

22 Under the Civil Contingencies Act 2004, various agencies including the emergency services, utilities and local authorities are under a duty to cooperate and are required to maintain plans to prevent emergencies and reduce, control and mitigate their effects.

23 Agencies are required to work together through a local resilience forum (LRF); our area is served by the County Durham and Darlington Local Resilience Forum.

24 The LRF assesses risks and develops plans, policies and procedures to prevent and mitigate identified risks. When emergency incidents occur, the LRF works through its Multi-Agency Incident Procedures and if necessary, stands-up an operational structure of strategic and tactical coordinating groups and supporting sub-groups or ‘cells’ to manage response and recovery works.

25 As an organisation in its own right, the council has a corporate emergency plan which sets out our own arrangements for responding to emergency incidents, including how we engage and work with other agencies through the LRF; and how we escalate our response and

mobilise more resources beyond our normal out of hours ‘on-call’ arrangements, if an incident requires it.

Response

26 Appendix 2 provides a timeline of the LRF response to the storm and Appendix 3 provides an infographic of impacts and response/recovery interventions.

27 The initial impacts of the storm were felt overnight on 26 and 27 November 2021.

28 Emergency and council services responded to calls overnight and commenced clean-up operations as soon as it was safe to do so the following day.

29 County Durham and Darlington Local Resilience Forum (LRF) implemented its multi-agency incident procedures on the morning of Saturday 27 November 2021 to coordinate response to storm damage incidents and calls into the emergency services. The council, in partnership with the police and fire services, responded to fallen trees and debris affecting the highways network, damaged and dangerous structures and snow drifts on the A66. Services also responded to requests for help from residential care homes affected by power outages.

30 Alongside the local emergency service response, NPg immediately commenced operations to assess and repair damage to the power distribution network, in order to restore power to its customers as quickly as possible.

31 On Saturday 27 November, the council’s response was coordinated internally via our normal out of hours emergency response procedures, with various on-call officers working together across services to coordinate the response. However, with large numbers of communities still without power on Sunday 28 November, the council escalated its response in line with the corporate emergency plan, by standing-up a senior officer coordinating group and calling up more staff to assist.

32 Initially we were advised by NPg that most properties should have been reconnected by midnight on Saturday 27 November and then by Sunday 28 November. However, as NPg engineers began to survey more sites, they identified that the damage to the network was far more extensive than initially thought and by the beginning of the following week it was clear that it would take days to get many customers onto temporary generated power, and potentially weeks to rebuild and repair parts of the power distribution network.

33 Given concerns about the duration of the power outages and uncertainty about when power would be restored, on Tuesday 30 November, the council requested that the LRF establish strategic and tactical coordination groups (SCG and TCG). The SCG, chaired by the council chief executive and the TCG, chaired by our Head of Community Protection commenced work on Tuesday 30 November, with the initial priorities being to develop a common understanding of the severity and likely duration of the situation and to put in place a response structure. This initial work led to the declaration of a major incident on Wednesday 1 December (County Durham was one of four major incidents declared in response to the storm – Cumbria on 26 November; North East Scotland on 29 November and Northumberland on 3 December).

34 The council submitted a request for Military Assistance to Civil Authorities (MACA) which was approved by the Department for Levelling Up, Housing and Communities (DLUHC) on Thursday 2 December. From the morning of Friday 3 December, 100 plus troops from the Royal Lancers operated from two bases in the county (first St John's Chapel and then County Hall) to help with checks on isolated residents, vulnerable people and to distribute food and support packages.

35 The military deployment augmented the work which had been on-going throughout the week by the voluntary and community sector, local residents, the council, the area action partnerships, County Durham and Darlington Fire and Rescue Service, Durham Constabulary, NHS trusts, the North East Ambulance Service, utility companies, housing providers, local elected Members, town and parish councils and faith groups.

36 The agencies worked together with local communities to contact and visit vulnerable people, and to provide affected residents with help and support ranging from welfare centres, hot meals, food, stoves, heaters and support supplies and where required, arranging alternative temporary accommodation. The council also assisted with welfare and hardship payments while people waited for compensation claims to be processed.

37 In total, over 5,000 visits were made to check on vulnerable residents. This was in addition to checks made on people in receipt of social care packages via commissioned services and the council's in-house social care teams. Three hundred and thirty care packs containing heaters, stoves, torches, batteries and other emergency items were issued where they were required. The council commissioned 41 visits by mobile catering units to 11 different localities across the county between

1 and 8 December and helped place 14 households in emergency alternative accommodation.

38 While the agencies were still responding to the incident, the LRF started planning for recovery and established a recovery coordination group, chaired by our Head of Environment to coordinate short term clean-up and repair works and longer actions to improve resilience. While a great deal of clear-up work was undertaken immediately after the storm, Members may wish to note that the scale of storm damage was such that this work is still ongoing.

39 As with previous incidents and the response to Covid-19, community, voluntary and faith groups across the county were outstanding in rallying-round and providing rapid and spontaneous support, which ranged from checking on isolated people, providing food and supplies, to opening-up community centres, halls and churches to provide places for shelter, company and warmth. Given the duration and widespread nature of the outages, community, voluntary and faith groups responses were invaluable in helping people affected by the storm.

De-briefs and reviews

40 A number of de-briefs and reviews have been undertaken into the response to the storm, which are outlined below.

Storm Arwen electricity distribution disruption reviews

41 On 9 December 2021, the Secretary of State for Business, Energy and Industrial Strategy, launched a review by the Energy Emergencies Executive Committee (E3C) of the electricity industry response to Storm Arwen, across three pillars: system resilience; consumer protection; and additional response support.

42 The interim report of the review published on 17 February 2022 concluded that:

'The primary causes of damage were from flying debris, falling trees, and strong winds snapping poles and bringing down overhead lines which were also affected by ice build-up. The challenges presented by the prevailing conditions impeded the response by some Network operators and their ability to provide timely and accurate estimated times for restoration to customers, who struggled to communicate with their Distribution Network Operator (DNO) as customer contact systems were overwhelmed.

The majority of faults occurred on lower voltage overhead lines individually serving only a small number of customers, making the restoration effort resource intensive. Mobile generators proved a critical part of the solution to reducing the length of power cuts and getting

some customers back on supply before full repairs could be completed, although they are resource intensive to install and refuel at scale.

Customers found themselves not only without power but also in some cases without water and communications as other essential services lacked full resilience to power loss of this scale.

The Distribution Network Operators were supported in their efforts to restore power by industry-wide mutual aid agreements, resulting in engineers surging to areas most in need. Additional support for the wider storm response was co-ordinated and prioritised by local Strategic Coordinating Groups, who called on Military Aid when their own local resources were overwhelmed.'

43 In relation to additional response support and local response, the review reported two key findings:

- *'The level and format of information required from Network Operators by Local Resilience Forums and Partnerships to aid the coordination of the welfare response proved challenging for some to provide in a timely manner, reducing the effectiveness of the local response. Agreements between each Local Resilience Forum and Partnership and relevant Network Operator on the information needed, and timescales in which these can be provided should be sought in advance and factored into system planning.*

- *Early evidence suggests that there was a lack of shared understanding in some areas between Network Operators and local partners of roles and responsibilities during severe weather events involving major electricity disruption. Regular engagement during BAU times mitigated this to some extent, but a broader discussion is required to promote a clear and common understanding of response and welfare support resources and responsibilities during major disruptive events.'*

44 The final report was published on 9 June 2022 and included a range of actions to improve the resilience of electricity networks for future extreme weather events.

45 In relation to system resilience, the report concluded that:

'Storm Arwen resulted in electricity disruption which went well beyond the expectations of both Government and society. Current resilience standards are solely defined as measures to be implemented rather than specific consumer outcomes. A principles-based outcomes-focused resilience standard would allow operators to plan and invest accordingly while setting Government and public expectations of the service they fund.'

46 In relation to consumer protection and specifically welfare provision the report stated:

'Local Resilience Forums (LRFs) are responsible for local support to customers following incidents such as Storm Arwen. Under the Civil Contingencies Act (2004), DNOs are required to liaise with Local Authorities, Strategic Coordinating Groups, and third parties (such as the British Red Cross), to share information about vulnerable customers.'

'Following Storm Arwen, in some areas, the coordination of welfare support was challenging between local responders due to a lack of situational awareness and understanding of roles and responsibilities. Welfare provision was also hindered by obstacles in information sharing between DNOs and Strategic Coordinating Groups. … In addition, there are no principles or agreements setting out whether the DNOs or LRFs are responsible for the cost of certain types of support for customers. The agreement and implementation of best practice documentation would provide clarity on who is responsible for the provision and payment of welfare.'

47 In relation to additional support, the report observed:

'There was a disconnect between the information required by local resilience partners and the information provided by the DNOs. This led to challenges for decision making within the local response, impacting on targeting additional welfare support to those most in need and on timely response escalation. While there was broad agreement on the need and responsibility to share information, the challenges and requirements need to be better understood on all sides.'

'Due in part to the difficulties in receiving the necessary level of information and accurate risk assessment from Northern Powergrid, Major Incidents were not declared in the North East when similar impacts in Scotland and the North West had already resulted in escalation.

Local Resilience Forums and Partnerships are in broad agreement that for the future, in the face of uncertain information they should consider standing up Major Incidents early and risk having to stand down again than risk standing up too late. Nevertheless, understanding the nature of uncertainty of restoration and having clearer communication of the risks from DNOs, who frequently face unknown levels of damage, is critical to help support timely decision making by these groups. Northern Powergrid has assigned executive oversight of engagement with their Local Resilience Forums to help ensure that messaging about

alert levels and risk assessments ahead of anticipated disruption are communicated clearly in future events.'

48 The report included a number of actions for improvement, which have a bearing on the council's review:

Code	Action	Owner	Delivery Date
W1	DNOs, in consultation with resilience partners, to develop principles-based industry guidance on best practice in the provision of welfare support.	DNOs	30 September 2022
W2	DNOs to work with Local Resilience partners to agree clear roles and responsibilities during severe weather events and incorporate them into DNOs' Emergency Plans.	DNOs	30 September 2022
L4	DNOs to work with Local Resilience partners to develop an agreed Joint Winter Preparedness strategy that can include an appropriate mix of exercising, workshops, scenario planning and information sharing. LRF/P chairs to provide assurance specific learning objectives have been embedded before winter 2022.	E3C – Electricity Task Group	30 September 2022
L5	DNOs to review the information they share with resilience partners and ensure that a strategy exists for communicating uncertainty in a way that supports decision making about escalation of local response coordination.	DNOs	30 September 2022
L6	Northern Powergrid to reach mutual agreement with their local resilience partners on information expectations and communication strategies to ensure timely and sufficiently detailed information is		30 September 2022

	shared regularly to support local decision making.		

49 On 9 June 2022 Ofgem also published its Final report on the review of the Networks' response to Storm Arwen.

50 The review was distinct, but complementary to the review commissioned by the Secretary of State for Business, Energy & Industrial Strategy (BEIS) and focused on matters of compliance with statutory and licence obligations; whether companies fell short of their customers' expectations and wider regulatory considerations.

51 The review concluded that:

'Whilst front-line staff of the network companies worked hard in challenging circumstances, we found that in many cases consumers were badly let down. We heard distressing stories of customers feeling abandoned and deserted, of not knowing when their supplies would be restored, or what support was available to them. We found that these shortfalls were rooted in the DNOs' customer services and systems. We also think that some network companies were slow to compensate their customers for the disruption they endured after the event. In recognition of these issues, three DNOs have individually reached agreement to pay, via alternative action, an additional £10.28 million for consumers, over and above the £29.64 million they have already paid through mandatory and voluntary compensation payments.'

52 The report included 20 recommendations, the following of which are of note and impact on the council's own considerations.

No.	Recommendation	Owner	Due
5	DNOs should submit winter preparedness plans for 2022/23 to Ofgem by 30 September 2022. Ofgem will confirm the scope of this report by 30 August 2022 and set out how DNO winter preparedness plans fit within the RIIO-ED2 framework in its Final Determinations publication by 31 December 2022.	DNOs	30 September 2022
8	E3C should identify options to enhance the use of mobile generators in reducing the length of power disruptions.	E3C	1 August 2022

14	DNOs, in consultation with local resilience partners, should develop principles-based industry guidance on best practice in the provision of welfare support.	DNOs	30 September 2022
15	DNOs should work with local resilience partners to agree clear roles and responsibilities during severe weather events.	DNOs	30 September 2022
16	Where DNOs are providing discretionary support (e.g. accommodation, hot meals), they should make clear to customers what support is available and how they can access it. DNOs should outline how this is being achieved in their winter preparedness reporting to BEIS and Ofgem.	DNOs	30 September 2022

Northern Powergrid stakeholder review

53 NPg has commissioned a stakeholder review of its response to the storm and improvements it needs to make. This has included meetings with LRFs, MPs and inviting comments from elected Members.

54 On 9 June 2022, NPg issued a statement in response to the two national reports on the storm. It said that on top of its current 2015-23 investment programme, it has proposed increased investment in its overhead lines of around 60 percent, along with over £50 million on tree cutting over the next five years.

55 In addition, the company has agreed with Ofgem that it will fund charitable and not-for-profit activities that improve the resilience of communities, donating over £7.5 million in its region and working with community partners to identify the best ways to create a positive and enduring impact. When added to the compensation and direct support already provided to customers affected by the storm, NPg said that the total will exceed £20 million.

56 The council and the LRF are in discussion with NPg to understand how it intends to make this donation and how it can benefit our area.

County Durham and Darlington Local Resilience Forum Storm Arwen Multi-agency Structured Debrief

57 A multi-agency de-brief was commissioned by the chair of the County Durham and Darlington LRF. Partner agencies were asked to

undertake their own internal de-briefs in advance of a structured multi-agency de-brief which was held on 3 February 2022 and facilitated by officers from Cleveland LRF. Senior officers from each organisation on the LRF strategic coordination group (SCG) were also surveyed to inform the de-brief.

58 Appendix 4 sets out the key areas of learning and recommendations for improvement from the de-brief, which are as follows:

(a) Review and refining of the LRF's major incident procedures and severe weather protocol.

(b) Ensuring awareness of plans and protocols extends beyond agencies' immediate LRF representatives.

(c) Effective obtaining, maintaining and confirmation of multi-agency shared situational awareness.

(d) Effective data sharing between Category 2 (utility companies) and Category 1 (emergency services and local authority) agencies.

(e) Effectiveness of the LRF multi-agency response once the severity of the incident was realised.

(f) Ensuring that NPg continues to be effectively engaged to improve shared situational awareness, understanding of risk and shared solutions/responses.

(g) Recognition of the work of NPg engineers to restore power supply as quickly as possible.

(h) Recognition of the role played by local community and voluntary organisations in opening up welfare centres and supporting vulnerable people and the incorporation of Area Action Partnerships into the multi-agency response.

(i) Ensuring that there are clearly understood channels for briefing politicians/media.

(j) Review of likely resource needs, including the means to increase resource where needs cannot be met locally.

(k) Following publication of the national reviews, consideration and clarification of the respective roles and responsibilities between utility companies and local responders in relation to the provision of welfare support and emergency equipment and supplies (e.g. support for welfare hubs, generators, supplies, food etc.).

59 The Tactical Business Group of the LRF and wider partners have been asked to consider the recommendations.

Durham County Council de-briefs and review

60 In line with our corporate emergency plan procedures, the council undertook its own internal officer de-brief into the storm and its response. Responding officers and local area action partnership coordinators were surveyed to identify what went well, what did not go well and recommendations for improvement.

61 In addition, Cabinet Members asked that the de-brief be extended to include elected Members, local community groups and the general public so that the wider community had an opportunity to share their experiences and inform responses to future incidents.

62 Cabinet Members also asked that an element of independent challenge and peer review was built into the review to increase objectivity, robustness and critical self-reflection.

63 Officers consequently engaged with The Institute for Hazards, Risk and Resilience at Durham University and the emergency management team at Cornwall Council for external challenge on the proposed review methodology and independent peer review of the action plan and this report.

64 We want to put on record our appreciation to Durham University and Cornwall Council for their willingness to support the council's review and the constructive and informed challenge they provided.

Officers' de-briefs

65 Officers were surveyed in December and January after the storm and in advance of the LRF de-brief.

66 On-call officers involved in the initial response were consulted, alongside those called-up when the council escalated its response and then expanded its operations as part of the wider LRF multi-agency effort.

67 In addition, the local area action partnership coordinators were also surveyed given the role they played in providing local on-the-ground intelligence and helping to support local community efforts.

68 Officers were asked to identify what went well; what did not go well and to recommend future improvements.

69 In total, 29 officers contributed to the de-brief, the conclusions of which are summarised in Appendix 5.

Elected Members' de-brief

70 Elected Members were sent an online de-brief form on 23 February 2022, which was open until 18 March 2022.

71 As with the officer debrief, Members were asked to identify what went well; what did not go well and to suggest future improvements.

72 In total, 11 elected Members contributed to the de-brief including two elected Members who chose to contact the Civil Contingencies Unit to discuss their experiences. The conclusions of the debrief are summarised in Appendix 6.

Local community groups

73 Local community groups and organisations which stepped-up to support local residents were contacted by their local Area Action Partnership coordinator and invited to take part in a telephone survey.

74 In total, 31 groups and organisations responded to the survey, the conclusions of which are summarised in Appendix 7.

General public survey

75 Members of the general public were surveyed via an on-line consultation available on the council's website between 21 February and 18 March 2022. The survey was publicised on the website consultation page, via a press release and social media postings.

76 The public were asked about their experience of the storm in terms of nature and duration of impact; their experiences of communication with and contact by the responding agencies; what help and support they accessed and their views on any positive aspects of the response and what could be improved upon in relation to future incidents.

77 Two hundred and thirty-four responses were received, with the feedback summarised in Appendix 8.

Main conclusions and observations

78 A number of common observation and conclusions were made across the various de-briefs and surveys, which are summarised below against the themes of decision-making and guidance; planning, policy and procedures; resources; information and communications; staffing; and partnership working.

79 A key contextual point to note is in relation to expectations around responsibilities and response.

80 The interim and final reports from the national reviews of utility companies' response to Arwen identified the need to clarify the roles and responsibilities of utility companies and local responders in relation to the provision and costs of welfare support and emergency supplies and equipment. However, it is apparent that many members of the public, local communities and elected representatives who responded to our surveys, expected that when the power outages occurred, the council should have stepped in to provide visible support and that this should have happened much sooner than it did following Storm Arwen.

81 The council and the LRF have been promoting the concept of local community preparedness and response for a number of years. This is based on households and local communities being encouraged to plan and prepare for incidents and to organise their own local responses. However, it is clear from some responses to the review that some members of the community including elected Members expected the council 'to be there' as opposed to communities organising their own local responses, which is at the very heart of the concept of local community preparedness and response.

82 In addition, responses to the review pointed towards different expectations around timescales and speed of response. For the category of storm and severity of disruption experienced during Storm Arwen, Ofgem's Quality of Service Guaranteed Standards allow network operators up to 48 hours to reconnect customers before customers are entitled to compensation for inconvenience and costs. In consequence, NPg tend to work to this 48-hour timescale before ramping up welfare response. From the survey, it is clear that some members of the community expect more immediate support and action in the event of power outages, particularly so in relation to vulnerable and older people.

Key areas that worked well

Decision making and guidance

83 There were many comments from those providing feedback that once the LRF response structure was established, the strategic direction and leadership of LRF partners and Strategic Coordination Group (SCG) were clear and concise and provided focus for the Tactical Coordination Group (TCG) and the Recovery Coordination Group that followed it. Working groups and cells reporting to the TCG were well run by the chairs and deputy chairs, allowing a clear chain of reporting and information for decision making.

84 Within DCC, the leadership and commitment of the chief executive, the Leader of the council and other elected Members and senior managers across the council was noted, with many prioritising the incident

response over other work. Local councillors were seen as a valuable resource in linking with their local communities, providing useful information and intelligence that informed the decision-making process.

85 Although many people were critical of how long it took to declare a major incident, it was generally agreed that when the major incident was declared, it improved the effectiveness of efforts of partner organisations to respond to the incident.

86 A number of respondents also noted that multi-agency decision-making and response had improved by the time of the subsequent severe weather incidents experienced during Storms Malik, Corrie, Dudley and Eunice. Immediate lessons had been learnt although it needs to be acknowledged that the subsequent storms were not as severe as Storm Arwen.

Planning, policy and procedures

87 Although there was little appetite from multi-agency partners for a teleconference prior to the incident, an internal teleconference within the council was held on Friday 25 November, to discuss potential response. This was well received and seen as valuable preparation by all services that took part in the call.

88 Prior to and after the internal teleconference on the Friday, council services ensured that severe weather pre-planning was in place, with a number of response staff from various services being placed on standby to respond. Several responses mentioned the speed of the council's emergency operational response.

89 It was widely stated that once the LRF structure was in place, it worked well and required very little adjustment. The allocation of staff to participate in the group was planned, although had not been widely tested. The Operations Cell and the Logistics Cell were highlighted in particular for completing a large number and wide range of tasks quickly.

Resources

90 Response resources were quickly sourced and put in place by the council and partners, with speedy procurement and delivery of items to support the community and staff responding to the incident in various locations. The first items of equipment and supplies were sourced and distributed on Monday 28 November and the procurement of supplies and equipment ramped up rapidly as the scale of the incident was appreciated. The community emergency packs supplied to residents by the council were deployed rapidly to the people who needed them. The

packs were considered to be beneficial and effective and were well received by the recipients.

91 The deployment of food trucks and mobile catering units by the council to provide hot meals to residents was praised. They worked well and were well-received in those areas where they were located.

92 The use of community facilities to provide support to residents was identified as a positive aspect of the response. The public were able to access those centres that were open for numerous needs, including hot drinks, information and a place to charge mobile devices. This has been commented on as a model of good practice and should be bolstered so that this type of support can be provided to wider areas should it be required in future instances. The community centre in Tow Law was highlighted as a model, as previous investment in photo-voltaic panels and sustainable energy meant that the building was able to remain open and operational during the incident.

93 A number of respondents commented that with its financial and management capacity and breadth of resources, the council was able to respond effectively, flexing resources to do so. It was able to resource the response required by council services and also to provide support to community groups.

Information and communication

94 Although there were difficulties and quality issues with the raw data received from NPg, the time, skill and effort of council officers producing the daily data analysis and mapping was well received. This helped to ensure that all agencies had the same picture and could see the impact of the storm and power outages on the whole county.

95 Once staff were deployed as ‘feet on the ground’, they were seen as a valuable asset not only for relaying information, but also helping to gather information which helped to develop a more accurate picture of the situation on the ground. Councillors also played an important role in this, identifying and flagging residences where there were key concerns.

96 One of the key links during the incident response was between AAPs and local voluntary and community sector (VCS) contacts who shared important and relevant information which enabled greater support to residents.

97 It was recognised that the public access to the frequently asked questions (FAQs) via websites worked well and helped those affected by the incident, as did partnership working managing the media.

Staffing

98 It was noted that some services have a large number of specialised and trained staff to deal with incidents like this, compared with other neighbouring areas/authorities. This helped the council to respond to and initiate recovery planning to the incident.

99 Council services scaled-up staffing in response to the incident and worked long hours over a prolonged period. The efforts of staff from within Neighbourhoods and Climate Change, notably Highways and Clean and Green, to clear storm damage from trees and to keep the county highway network open resulted in little other significant physical disruption beyond the weekend of 26-27 November.

100 To assist in the response, staff were redeployed at appropriate times to areas that needed assistance. The good will and dedication of all the staff was noted - many of those responding staff were not on-call and stepped up to the task at very short notice.

101 The use of a lead co-ordinator directing the operational response on the ground was noted as good practice, as was the establishment of a single base for operations. This should be considered for future incidents, where required. It allowed a coordinated effort by LRF partners, with council services highly visible in some areas, reassuring the community and assisting in recovery.

102 The AAPs, along with links formed by their work with councillors, were crucial in the response, liaising with local communities and providing information. There was also clear direction from Civil Contingencies Unit (CCU), who some stated went above and beyond with their work.

Partnership working

103 The AAPs have been praised for their co-ordination efforts in providing and offering support. Their work allowed existing relationships between AAPs, councillors and the local communities to be utilised quickly and with confidence, working effectively to support residents who required support. The use of these local contacts in the areas affected by the storm to assist responding agencies in providing the support was noted as positively impacting the response.

104 The inter-agency working, and support provided by LRF partners especially the Fire and Rescue Service, voluntary services and the military was seen as a positive point. This was shown by the work at the multi-agency command centre with LRF partners, military and NPg personnel working together, enabling the teams involved to respond rapidly to changing demands and emerging issues.

105 Several respondents commended the NPg engineers who worked to rebuild large sections of network in very challenging circumstances as quickly as possible.

106 Many respondents commented upon the community and partner response in the incident. The spontaneous community response was very encouraging with many community halls, church halls, schools etc staffed by volunteers, opening their doors to help. In total 60 voluntary groups and town and parish councils aided the response across the county. The majority of respondents to the debrief stated that the willingness of the community groups to provide support, such as providing hot water, meals, places to charge electronic devices etc. as well as opening their doors beyond normal operating hours was a useful resource and this should be maintained and included within local emergency plans.

107 It was noted that the overall resilience of some local communities within the county was very good. This helped to improve the overall effectiveness of the response. In some instances, this was due to long-standing residents and established groups, but in some areas, it was a more recent development - several community mutual aid groups established during the Covid-19 pandemic stood up to support local response to the storm.

Areas for improvement

Decision making and guidance

108 Several respondents expressed concern about how long it took to identify the severity of the situation and possible reluctance to declare a major incident and escalate the response.

109 It was reported that NPg had declared an ‘internal major incident’ on Friday 26 November, but that it was not until Tuesday 30 November that this information was shared with LRF partners. Once shared, a call was made on the Tuesday for a full LRF Strategic Coordination Group (SCG) to be established supported by a Tactical Coordination Group (TCG). The SCG and TCG then spent 24 hours trying to develop an accurate picture of the scale and likely duration of the incident (‘situational awareness’), before declaring a major incident on Wednesday 1 December.

110 The information responding agencies had been presented with in the first 48 hours of the incident, did not suggest that the impact of the storm was a great as it would turn out to be.

111 Key decisions including whether the incident warranted declaration as a major incident were based on information provided by NPg. The

information was found not to be entirely reliable, and some respondents commented that at times it felt as if NPg did not wish to share critical information with the LRF and that NPg representatives attending SCG and TCG meetings were often unable or unwilling to make decisions that might have financial or liability impacts on NPg as an organisation.

112 Many respondents also stated that as well as not being entirely transparent and open in the early days of the incident, NPg were also too slow to respond and that this affected the speed of the multi-agency response. Although many respondents focused on NPg, many also commented that the overall multi-agency response to incidents such as Storm Arwen, needs to be quicker overall and that all organisations were too slow to respond to the storm.

113 The slow response was in part due to the preparation stages for the incident. There was little interest in a multi-agency teleconference between LRF partners prior to the storm, with the only discussion regarding preparations and preparedness taking place between the council and the Fire and Rescue Service, both of which had asked other partners whether there should be a multi-agency precautionary call on Thursday 25 and Friday 26 November.

114 It was felt by some that there was a lack of effective command and control during the first few days of incident response, manifest in confusion over who was overseeing the overall response. It was not clear whether NPg was leading the efforts or another agency.

115 NPg established a control centre in St John's Chapel, as the focal point of the response. However, large parts of the wider county had also been affected by the storm and required support. The effectiveness of the countywide response was hampered by the decision to establish the control centre in the far west of the county. The situation improved when the control centre was moved to County Hall on Sunday 5 December to provide a more centrally located control centre and operational base.

Planning, policy and procedures

116 Some respondents said they felt that the incident was outside of rehearsed preparedness and that this showed a lack of planning by LRF partners for supporting vulnerable residents over an extended period.

117 The LRF Severe Weather Protocol was singled out by some as not being clear enough on what was required to prompt action (activation triggers). Some respondents commented that a 'one size fits all' approach caused local issues and that LRF planning should be informed by a more detailed appreciation of geographical and community issues.

118 Some respondents felt that there was a lack of awareness and understanding of some emergency response processes and documentation. Some suggested that emergency response training should become part of mandated training for the Extended Management Team (EMT) on an annual basis.

119 It was also felt that training should be extended to all councillors, ensuring that they understand their role within incident response and how they can help to improve the overall response to an incident.

Resources

120 A number of respondents felt that the existing resources for emergency response were not suitable for an incident duration such as Storm Arwen. Resources available were geared towards much shorter duration incidents which are more common in the county. This meant that a number of resources - some quite specialised for this type of incident - had to be sourced from local suppliers for distribution to the public. This presented challenges for the Supplies and Logistics Cell which found that a number of the desired resources, were in short supply and could not be sourced quickly.

121 The welfare packs provided by the council were in part a response to the sheer numbers experiencing extended periods without power, but also in part a response to a view that the welfare packs provided by NPg were considered to be inadequate for households deprived of power over an extended period of time.

122 A number of community groups noted that early in the response when welfare packs were first distributed, that some NPg packs were short of some items. The AAPs and community groups resorted to checking packs before they were distributed.

123 A number of community groups and town and parish councils called for the supply of resources to support and assist community response to be improved, including making community buildings more resilient so that they can support local communities with items such as hot water and/or hot food.

Information and communications

124 Several responses stated that the data received from NPg was poor and caused delays in the response. When the data was received by the council, it required extensive and time-consuming analysis to produce useable data which could assist the response and identify those areas in greatest need of support. Issues reported were: a lack timely and frequent updates impacting the ability to respond; poor quality and inaccurate data including inaccurate power restoration times; data

provided for the region overall which required extensive analysis to produce local data; and not all properties experiencing outages being included in the data. Some respondents also felt NPg was not very transparent with information, holding some back saying it could not be shared. It took some days for lists of property addresses affected by outages to be shared

125 NPg provided mixed messages on the initial estimates of both the scale and severity of the outages, which affected situational awareness and appreciation of the severity of the incident.

126 Initially, agencies found it difficult to understand the actual needs of communities on the ground, although the picture became clearer as more information was provided on the severity of the incident. In part, this could be due to the nature of the incident itself, with some communities experiencing compromised access to telecommunications such as internet, mobile or landline telephones due to the power cuts. This was a particular issue as an early indicator of concern for agencies is the number of calls for assistance they receive - the low number of calls into agencies on the Sunday was taken as an indicator that there were no exceptional issues or demand.

127 Telecommunications issues not only hampered the public reporting concerns and requesting assistance, but they also affected the command post established at St John's Chapel, which experienced problems with broadband speeds and mobile phone reception.

128 Various respondents commented on the sharing of information between agencies and a lack of communication between the council, NPg and other organisations, which led to a duplication of effort. This was evident in those areas where door-knocking took place, with some properties being visited more than once by different agencies.

129 Information was shared between agencies via the Resilience Direct (RD) emergency planning portal, as is the general practice. It was found that with many more officers involved in the response to the storm compared with other incidents, many officers were not familiar with the system and required support from the CCU and LRF.

Staffing

130 It was identified by several respondents that there were potential capacity issues for Care Connect operating the council's 'out-of-hours' (OOH) service and the Emergency Duty Team (EDT), particularly as the incident became prolonged.

131 There were reports that Care Connect was inundated with requests for assistance from those experiencing failures in electrical and telephone

connections. The same was said of the Emergency Duty Team (EDT) taking calls regarding vulnerable persons also being stretched. It was felt that for the volume of calls being received for an extended OOH period, there were too few staff working to cover volume of issues. This has also been stated for other services responding, including the Civil Contingencies Unit.

132 Some respondents commented that it felt as if there were limited numbers of council officers visibly on the ground during the first few days of the incident. Organising 'boots on the ground' out of hours presented challenges for council departments, compared with LRF first responder agencies who provide 24-hour response services and have 'recall to duty' contractual arrangements with their staff.

Partnership working

133 At LRF SCG meetings, those officers attending noted that some updates from NPg seemed to be solely focussed on providing information on their own progress and position, as opposed to working with partners to develop solutions, leading to duplication of effort. However, the situation improved over time with NPg changing its representation at meetings during the course of the incident.

134 Some officers drew attention to the amount of time taken responding to enquiries and requests from MPs and elected Members which came to them direct rather than through the established communications channels and routes, because at times, this diverted senior officer time away from managing the response. However, at the same time it has to be acknowledged that a number of elected Members who responded to the de-brief flagged the need for a better understanding of emergency planning procedures and expected roles and that this could have been mitigated through better training and/or awareness in advance.

135 Although there were some community emergency plans active prior to Storm Arwen and engagement events had taken place to increase these numbers, there is a need for more community emergency planning through community groups and at local parish level. This development should be supported by the council and other LRF partners, alongside improvements in arrangements for resilience resources and facilities.

136 Cabinet may wish to note that since the incident, the Civil Contingencies Unit has responded to 31 requests to develop local community resilience plans and has met with 17 groups to progress local planning. Two large briefing sessions with town and parish councils have also been held in conjunction with the County Durham Association of Local Councils.

Improvement action plan

137 Based on the de-briefs and feedback received, an improvement action plan has been developed, with improvement actions suggested against the following themes:

(a) Review and expand the community resilience offering across the county;

(b) Improve incident planning and preparedness through emergency planning, training and exercising processes including the role of Members;

(c) Review emergency response resources and establish qualifying criteria for future incidents;

(d) Review of communication and information sharing during incident response following the Joint Emergency Services Interoperability Principles (JESIP);

(e) Develop a protocol for the activation and use of council staff during an incident;

(f) Review strategic, tactical and operational decision making and governance.

138 The draft improvement plan is attached at Appendix 9.

Safer and Stronger Communities Overview and Scrutiny Committee comments

139 A special meeting of the Safer and Stronger Communities Overview and Scrutiny Committee was held on 20 May 2022 at which Members received a presentation on emergency planning arrangements, the de-brief and review and the draft improvement plan.

140 The Committee agreed to support the proposed improvement plan and associated actions and noted the identified timelines for the improvement plan actions to be delivered.

141 The Committee also recommended to Cabinet that the Safer and Stronger Communities Overview and Scrutiny Committee receives regular monitoring updates on progress against the improvement plan actions.

142 Members provided a number of detailed comments on the proposed action plan, set out in Appendix 10, which have been taken into account in the final improvement plan presented in this report.

Conclusion

143 Storm Arwen was one of the most disruptive weather events the county has experienced in recent times. The county, its communities and residents were impacted significantly and for many, the prolonged duration of power outages was unprecedented.

144 The spontaneous community response to the storm was outstanding with families, friends and neighbours, local organisations, faith groups and community and voluntary groups stepping forward to help those in need.

145 The multi-agency emergency response was also significant, with the council playing a full and active role, using its best endeavours and flexing its resources to support local residents in challenging circumstances, as best it could.

146 Alongside other agencies, the council has reviewed its responses to the storm to learn lessons and improve how it can respond to future emergency events. Members of the public, local community organisations, elected Members and council staff have contributed to the review and we are grateful to those people who took part.

147 Many respondents to the review noted that the multi-agency response to the four storms which followed Arwen was much improved, indicating that immediate lessons had been learnt from the first brace of storms.

148 The council and its partners are keen to further improve how we respond and the review has identified a number of areas that worked well and also a number of areas which need to be improved, which provide the basis for the improvement plan outlined in the report

Background papers

- None

Other useful documents

- None

Author(s)

Kevin Archbold	Tel: 03000 264641
Kevin Edworthy	Tel: 03000 268045
Connor Thomson	Tel: 03000 265879

Appendix 1: Implications

Legal Implications

The Civil Contingencies Act 2004 places a duty on local authorities to cooperate with other agencies including the emergency services and utility companies, to assess risk and maintain plans to prevent emergencies and reduce, control and mitigate their effects. Agencies are required to work together through a local resilience forum (LRF).

The Act also requires electricity distribution network operators to liaise with local authorities, Strategic Coordinating Groups (SCGs), and third parties to share information about vulnerable customers and work together to provide welfare support.

The Electricity (Standards of Performance) Regulations 2015 made by the Gas and Electricity Markets Authority under the Electricity Act 1989(b) set out the Quality of Service Guaranteed Standards which electricity distribution network operators are required to provide to customers.

Finance

The proposed council community resilience and response support fund can be funded from civil contingency earmarked reserves in 2022/23 and considered as a potential growth item in future budget rounds and the medium term financial plan.

Consultation

Members of the public, local community organisations and town and parish councils and elected Members and officers were consulted in the various de-briefs and review as outlined in the report. A session was held with Stronger and Safer Overview and Scrutiny Committee on 20 May 2022 and the Committee's comments were

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

It is predicted that we can expect more severe and volatile weather patterns due to long term climate change which may mean that severe storms become a more frequent occurrence.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

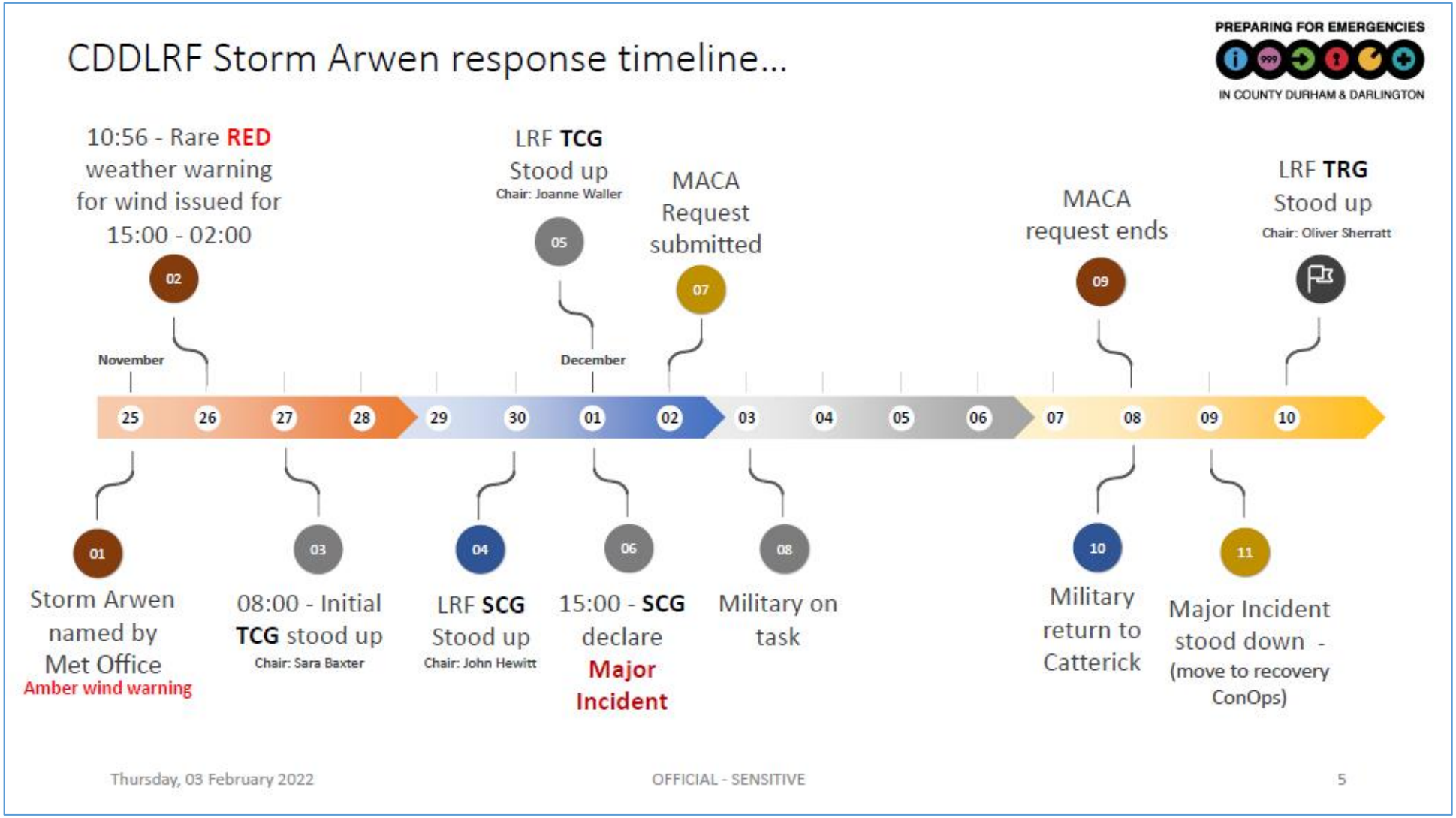
Risk

‘Breach of duty under Civil Contingencies Act by failing to prepare for, respond to and recover from a major incident, leading to a civil emergency’ is included as a risk within the council’s corporate risk register. An update on controls and planned improvements in relation to this risk, post- Storm Arwen was provided to the meeting of Audit Committee on 28 February 2022 as part of the quarter three Strategic Risk Management Progress Report.

Procurement

None.

Appendix 2: Response timeline



Appendix 3: Storm Arwen impacts and response/recovery interventions

14,891 Properties lost power	**51** Generators supplying power to 28 postcodes	**over 330** Care packs issued
120 DCC buildings damaged	**over 5,000** Visits by Military, Wardens and CDDFRS	**over 2,000** Additional tonnes sidewaste collected
400 Fallen/At risk highway trees	**385** Fallen/At risk non-highway trees	**22** Street lights non operational
45 Customer contacts for Welfare received	**100** Gullies/drains require attention	**41** Mobile Catering units deployed
14 Households offered temporary accommodation		

Appendix 4: County Durham and Darlington LRF multi-agency be-brief key elements

The report outlines the findings from a multi-agency structured debrief held on 3 February 2022 following CDDLRF members' response to Storm Arwen. The report proposes a number of recommendations for consideration by the Tactical Business Group of the LRF and wider partners.

The recommendations are based on areas identified for improvement and areas that highlighted good practice and effective working that need to be incorporated for the future; the learning is applicable not just to this LRF. A number of the recommendations are taken from internal debriefs presented by partners during the process.

The key elements identified:

1. *The review and refining of the major incident procedures (MAIP) and severe weather protocol, to include the adoption of key principles, a greater focus on anticipation of events, hard triggers for activation, use of SPOCs and co-chairs and promotion of the principle of including all partners wherever appropriate/possible.*

2. *Ensuring awareness of plans and protocols extends beyond agencies' immediate LRF representatives and includes those who may have to utilise or activate them out of normal hours.*

3. *Consideration given to the means of effectively obtaining and maintaining multi-agency shared situational awareness, ensuring that this is confirmed by ground truth from multiple sources rather than proxy indicators/assumption.*

4. *Ensuring that the learning and development of effective data sharing between Cat 2 and Cat 1 agencies continues, and that lessons/emerging practice is shared beyond the LRF area (with a view to aiding regional and national practice). Considerations include data provision, format, collation across agencies, impacts of GDPR on sharing and access to the priority register.*

5. *The effectiveness of the LRF multi-agency response once the severity of the incident was realised including strategic and tactical coordination, the establishment of local tactical cells and rapid procurement and supply of equipment, support packs and food.*

6. *The importance of ensuring that Northern Powergrid continues to be effectively engaged with both strategic and tactical coordinating groups to improve shared situational awareness, understanding of risk and shared solutions/responses.*

7. *Recognition of the work of Northern Powergrid engineers to restore power supply as quickly as possible in extremely challenging circumstances.*

8. *The recognition of the role played by local community and voluntary organisations in opening up welfare centres and supporting vulnerable people and the incorporation of Area Action Partnerships into the multi-agency response as a crucial source of community intelligence, communication and engagement.*

9. *Ensuring that there are clearly understood channels, appropriate resources and clear responsibilities for briefing politicians/media at all scales (e.g. Parish council to National), providing a buffer from operations.*

10. *Review of likely resource needs (e.g. those provided to communities, cooked food, blankets, torches etc) of a reasonable worst case scenario versus the actual material readily available. Where the needs cannot be met locally ensure that the means are in place to increase resource (e.g. pre-identified suppliers/partners national stockpiles).*

11. *Following publication of the national review, consideration and clarification of the respective roles and responsibilities between utilities companies (Cat 2) and local Cat 1 responders in relation to the provision of welfare support and emergency equipment and supplies (e.g. support for welfare hubs, generators, supplies, food etc.).*

Appendix 5: Main conclusion from officers' de-briefs

DCC responding officers

1 Thirteen responding officers took part in the de-brief.

Positive Areas

2 Services put in place well-rehearsed pre-planned business as usual (BAU) and on-call out of hours (OOH) with additional support arrangements for weather related emergencies by Highways Services and Clean and Green. The weather warnings were widely distributed internally prior to the emergency.

3 Speed of emergency operational response, along with governance in line with CCU plans.

4 Some services have a great number of specialised and trained staff to deal with incidents like this in comparison to other neighbouring authorities.

5 Development of operational response plan to mobilise and deploy support.

6 Strategic direction and leadership of LRF partners/SCG were clear and concise and provided focus for the TCG and Recovery Coordination Group.

7 LRF TCG with sub cells was established quickly and regular comms and flow quickly established.

8 The leadership of the Chief Executive, the Leader and other senior managers/politicians across the council who dropped everything, focussed solely on this incident.

9 Support from Leader/MPs/local councillors.

10 The financial support and investment by the Council to address the emergency and ensure food and heating or alternative accommodation was sourced for those in need.

11 Early standing up of multi-agency meetings supporting shared situation awareness and joint understanding of risk.

12 DCC was able to react to issues with care homes, supported living services and vulnerable people on the day as they were flagged.

13 Quick and reactive response from services.

14 The data pack produced each day with updates was well received and helped to ensure everyone had the same picture and could see the impact on the whole county.

15 There was a good flow of communications to Elected Members, MPs, public and media.

16 Public access to frequently asked questions (FAQs) via websites worked well and helped as did Partnership working managing the media.

17 Resources were quickly put in place by DCC and partners, with speedy procurement and delivery of items to support the community and staff responding to the incident in various locations.

18 The engineering side of NPg work in the face of extreme challenges.

19 The community and partner response were immense.

20 The inter-agency working and support provided by LRF partners especially Fire and Rescue, voluntary services and Military to support the community.

21 The LRF multi-agency structures for SCG/TCG worked well.

22 The Military liaison arrangements and MACA support was invaluable and worked extremely well in delivering our response.

23 The multi-agency command centre with LRF partners, Military and NPg personnel working together enabled the teams involved to respond readily to changing demands and emerging issues.

24 The good will and dedication of staff was again superb, many of these members of staff were not on call however, stepped up to the task at very short notice.

25 Clear direction from CCU who really went above and beyond and were a credit to the organisation.

26 As a result of efforts by Neighbourhoods and Climate Change to keep the highway network open, transport across the county was not significantly disrupted.

Area for Improvement

27 The incident was outside of rehearsed preparedness and has shown a lack of planning and exercising by LRF partners for supporting vulnerable residents over an extended period.

28 It was difficult to understand the actual needs of the community, this became clearer as information/picture developed.

29 There were numerous reports of enquiries, requests and issues from MPs and elected Members being raised directly with officers rather than through established routes. This may have been mitigated through better training and/or awareness in advance. Responding to direct queries took up a lot of senior officer time which detracted from managing the response.

30 There were limited sitreps available that provided situational awareness and details of response actions to share with partners at TCG.

31 The command post at St John's Chapel experienced issues with telecommunications and broadband reception and could have been avoided with a more central location.

32 NPg representatives attending the Strategic Co-ordinating Group (SCG) were often unable (or unwilling) to make decisions that might have financial or liability impacts on them as an organisation.

33 There was a lack of clarity over what constituted a major incident. NPg declared a major incident several days before communicating this to the LRF/SCG.

34 Some communities without power had no access to internet or telephones.

35 Poor data from NPg caused delays in the response. Issues reported were: a lack of frequent updates impacting the ability to respond; poor quality and inaccuracy of data; data provided was for the region and required extensive analysis to produce local data; and not all properties experiencing outages were recorded in the data.

36 NPg provided mixed messages and initial estimates of both the scale and severity of the outage. It did not accurately reflect the scale of the

incident and potential impacts on communities across the county. Situational awareness was poor.

37 It seemed like NPg had a reluctance to call a major incident through the LRF and it should have escalated this much sooner.

38 Resilience Direct (RD) was used for the incident response and officers were not familiar with the system and required support from the CCU and LRF.

39 The welfare pack provided by NPg was considered inadequate to meet the needs of households without power. Food and support packs were not readily available in DCC stocks; this presented challenges to the Supplies and Logistics Cell.

40 Some updates from NPg at SCG were solely focussed on providing information on their own progress and position, as opposed to working with partners to develop solutions leading to duplication of effort. However, this improved through the incident. The NPg approach at the initial meetings appeared to improve when representation changed at subsequent meetings.

41 There were multiple reports that Care Connect were inundated with requests for assistance from those experiencing failures in electrical and telephone connections.

42 There were limited numbers of Council officers visibly on the ground during the first few days. Organising 'boots on the ground' OOH presented challenges, whilst LRF partners were able to mobilise some staff very quickly.

43 The Emergency Duty Team (EDT) was stretched, there were too few staff working to cover the volume of issues. This was the same with many other services including Civil Contingencies.

Recommendations

44 To establish a multi-agency command centre, if appropriate, at an early stage in incident response.

45 Elected Member training should be undertaken to raise awareness and advise on our approach to response and recovery arrangements for Major Incidents.

46 Emergency Assistance Centre provision should consider providing additional support in emergencies. This should consider strategically

placed equipment across the county and establish supplies of essential equipment to protect health and wellbeing and support response.

47 Official LRF TCG and SCG with required cells to be established sooner.

48 Additional guidance around declaring a major incident is required.

49 The LRF should conduct some more detailed planning and exercises to consider the potential for future incidents around power outages as well as other major incidents.

50 DCC should consider additional contingency planning for the loss of utilities and the impact on the community.

51 Additional work is required for stronger community resilience preparations, working with communities to establish local arrangements including community plans and resilient community facilities.

52 A review of multi-agency protocols and planning is required, including that of communications systems failure.

53 An elected Member protocol for communication and the role of local authority Members in an incident is required – to ensure there is consistency and a full awareness of Members/officer's roles.

54 Resilience Direct training is required by DCC staff and by multi-agency partner agencies.

55 Planning for similar scenarios in future should be considered. Roles and responsibilities should be planned out alongside the activation of staff to fulfil these roles, including out of hours arrangements. A pool of volunteer staff should be recruited to assist in emergency response activities.

56 Annual training and exercising should be held within DCC to ensure operational readiness.

57 Mandatory training for EMT/on call duty officers on emergency planning procedures, linked to PDRs at strategic leadership levels.

Civil Contingencies Unit

58 Five civil contingency officers took part in the de-brief.

Positive areas

59 An internal teleconference was held on the Friday in lieu of an LRF teleconference to discuss potential response. This was well received and seen as a valuable preparation.

60 DCC departments put severe weather pre-planning in place with a number of response staff from various response services on standby.

61 The Area Action Partnerships (AAPs) and councillors were crucial in the response, liaising with local communities and providing information.

62 The community and voluntary groups and organisations were superb. They worked well with the AAPs.

63 Spontaneous community response was very encouraging with a number of community halls, church halls, schools etc opened their doors to help out. They were a great asset, with plenty of volunteers to help out.

64 DCC information processing (mapping and data analysis) was invaluable.

65 DCC departments scaled up in in response to the incident and worked long hours during a prolonged response. Notable were Highways and Clean and Green.

66 The deployment of mobile catering units worked well and was well received in those areas where they were located.

67 The response structure put in place worked well. The Logistics Cell etc were great and covered a lot of ground completing a huge number of wide-ranging tasks quickly.

Areas for improvement

68 Issues with the LRF Severe Weather Protocol and it not being definitive on activation.

69 There was little interest in a multi-agency teleconference prior to Storm Arwen, this void was filled with a discussion regarding preparedness between DCC and CDDFRS.

70 There were potential capacity issues for Care Connect operating the Out of Hours service and EDT.

71 There is a need for increased training and exercising, internally and externally to prepare for incident response. This should include voluntary and community groups, as well as elected Members.

72 Communities should be supported further in developing their resilience plans and arrangements.

73 Existing resources for emergency response were not suitable for a prolonged incident duration such as Storm Arwen. Resources available were for much shorter incidents.

74 NPg were not very transparent with information, holding some back saying it couldn't be shared. Communications from NPg was limited and they did not provide a clear picture of the situation causing delays in the response.

75 Data provided by NPg required extensive and time-consuming analysis to obtain valuable data to assist the response and identify those areas in greatest need of support.

76 During the response and recovery phases, there was a lack of awareness and understanding of corporate plans including Corporate Emergency Plan and Recovery and Restoration Plan.

77 There was a lack understanding and an expectation from politicians that DCC was responsible for supporting individuals and communities, whereas many individuals and communities supported themselves.

78 It took until Tuesday for the call to be made that a full SCG should be established. The SCG and TCG stated that lack of situational awareness delayed the declaration of a Major Incident for around 24 hours while information was sourced.

79 A DCC internal TCG on the Sunday reported back no exceptional issues being conveyed to DCC. This is potentially due to those areas not having power to make contact.

Recommendations

80 An annual DCC training and exercising schedule for CMT/EMT is required to ensure regular exposure and awareness in relation to emergency response.

81 Training and awareness are required with DCC of corporate plans including Corporate Emergency Plan and Recovery and Restoration Plan.

82 DCC elected Members should undertake emergency planning awareness training.

83 DCC should review the availability of resources to support multiple emergency assistance centres (EACs) for an extended period. This should include managing staff, support staff and communications etc.

84 Expansion of the community resilience offer from the CCU and the development of community emergency response plans. These should include the capability of community buildings and local community volunteers acting as community resilience hubs.

85 The declaration of a Major Incident should be more forthcoming from all LRF partner organisations for significant and widespread incidents based on the impact on the area.

86 Detailed planning is required for the response to widespread power outages from individual LRF partner organisations and from the LRF.

87 A DCC wide agreement is required for activating staff for emergency response, especially out of hours with the appropriate compensation for their time.

Area Action Partnership coordinators

88 Eight Area Action Partnership coordinators took part in the de-brief.

Positive areas

89 The council's robust budget with effective and efficient management, meant that the local authority was able to respond effectively without significant concerns.

90 Assisting the resilience of 60 voluntary and community sector (VCS) groups aided the response across the county.

91 Councillors played an important role in identifying and flagging residences where there would be key concerns around their resilience.

92 The declaration of a Major Incident is considered to have improved the effectiveness of efforts of partner organisations to respond to the incident.

93 The overall resilience of some local communities within the authority area is very good, which helped to improve the overall effectiveness of the response.

94 Having staff members as “feet on the ground” helped to provide accurate information of the situation.

95 Important and relevant information was shared between AAPs and local VCS contacts which enabled greater support to residents.

96 Several community mutual aid groups have been established for the Covid pandemic and worked well, providing a clear and accurate picture of the ongoing situation and helped to foster a community spirit.

97 Existing relationships between AAPs, Councillors and the local communities were utilised quickly and with confidence, working effectively to support residents.

98 The willingness of the community groups to provide support, such as providing hot water, meals, places to charge electronic devices etc. as well as opening their doors beyond normal operating hours was a useful resource to the local authority and this should be maintained.

99 A range of different council services came together to form working groups/cells at speed and brought the correct people together to share their skills and knowledge to focus on immediate solutions to issues that had arisen.

100 The emergency packs that were delivered to communities by the council were considered to be excellent and were rapidly deployed to the people who needed them.

101 The existing partnership with the food van providers has been praised for providing hot food to the areas that needed this support.

Areas for improvement

102 A lack of clarity over specific roles and responsibilities of staff has been identified, relevant AAPs and local networks should be included in briefings on severe weather warnings.

103 Lack of effective command and control has been noted, mostly in the form of confusion on who oversaw the overall response, whether this was NPg or another agency.

104 The control centre in St John’s Chapel needed improvement, it hampered efforts to effectively co-ordinate action across the rest of the county by focusing on one locality.

105 Decisions were being made based on information being provided by NPg, which was not entirely reliable and, in some instances, they did not wish to share critical information. It did not accurately reflect the severity of the situation.

106 Issues identifying vulnerable residents as all agencies have separate records. There was a reliance on local partner organisations to provide this information.

107 A lack of communication and information sharing between the local authority, NPg and other organisations led to a duplication of effort.

108 There were communication issues around mobile phones and, in some locations, connectivity to the internet meaning it was difficult to communicate with some residents.

109 Some AAPs had no previous involvement in emergency planning for their areas. Going forward, it would be useful to understand responsibilities but also what is expected in localities.

110 Community packs were not delivered to the communities that were expecting to receive them in time and were short of some items.

111 There was a lack of understanding of geographical and resilience issues faced by communities, which differs by community, by responding agencies. A one fit approach caused issues in response.

Recommendations

112 Greater resilience is required in community facilities to support residents during an incident, including basic resources, power and communications.

113 All relevant partners should hold Major Incident and scenario planning exercises focused on supporting the public.

114 Further development of local resilience planning with a long-term aim of a community resilience plan for every community in County Durham.

115 A mechanism to access emergency funding quickly to support community response to incidents.

116 A review or planning and emergency arrangements by the local authority and other agencies.

117 A countywide, centralised vulnerable persons register so that vulnerable residents can be quickly identified and contacted in future incidents.

118 Ensure that stocks of emergency packs for residents are available and can be rapidly distributed.

Appendix 6: Main conclusions from elected Members' de-brief

1 Eleven elected Members responded to the de-brief survey.

Positive areas

2 The redeployment of staff at appropriate times to areas that needed assistance has been noted as a positive aspect of the overall response.

3 The use of a lead co-ordinator directing the response to Storm Arwen is considered good practice, as is the establishment of a HQ as a base.

4 Once aware that it was a major incident, council services were highly visible in some areas, reassuring the community and assisting in recovery.

5 The use of community facilities to provide support to residents is considered to have played a positive role in the response.

6 The deployment of food trucks to provide hot meals to residents during the response is considered to have been of great benefit to residents.

7 The community emergency packs that were supplied to residents by DCC are considered to have benefitted residents greatly and were well received.

8 The AAP have been praised for their co-ordination efforts in providing and offering support.

9 The use of local contacts in the areas affected by the storm to assist in providing the support has been praised as positively impacting the response.

10 Communities came together to help provide each other with support.

Areas for improvement

11 There is a need for local contingency plans for local Parish Councils.

12 Council emergency response plans should be updated including policies and documents.

13 Suggestions have been made for creating a priority request plan for countywide emergencies, where councillors can report where they have

power outages and other issues, so that an intelligence picture can be built.

14 There is a feeling that the overall response to incidents, such as Storm Arwen, needs to be quicker overall and that the response to Arwen was too slow.

15 A need for greater involvement of parish and county councillors in the response to incidents to improve the effectiveness of emergency response in future.

16 Improvements are required on contact and communication internally and externally with other organisations and with the public.

17 Improve the supply of resources to support and assist community response, including the resilience of community buildings so that they can support the local community with items such as hot water and/or hot food.

18 Staff reactiveness during Storm Arwen has been highlighted as needing improvement in addition to the need to improve the on-call system to ensure staff are available where and when they are needed.

19 All councillors should have had proper emergency planning training to help improve the overall response to an incident.

20 Better and more timely communication is needed from NPg, both with residents and partner organisations, for example its food trucks and when power will be restored.

21 NPg response was too slow and affected other agencies' ability to respond and act quickly. It has also been suggested that there needs to be improvements to NPg's capacity to respond to incidents in future.

Recommendations

22 The time and process to decide on a major incident should be improved.

23 Establish local emergency plans for Parish Councils along with an emergency response team at parish council level, with DCC to provide support.

24 The support offering being provided by the council needs to improve in future incidents.

25 Emergency plans to be updated with lessons learned from Storm Arwen.

26 A daily briefing should be provided to councillors on the latest developments during an incident.

27 Consider the resilience of community buildings, providing suitable basic equipment and a form of resilience in power supply.

28 The emergency packs, including food packs, should be considered for future incidents.

29 Emergency planning training should be provided to all councillors.

Appendix 7: Main conclusions from telephone survey of town and parish councils and local community groups/organisations

1 Thirty-one local groups and organisations responded to the survey.

Specific issues raised

2 Numerous community facilities opened to support their local communities with a range of services such as hot water, hot food, electrical item charging, laundrette facilities and information.

3 Assisted Durham County Council (DCC) and Northern Powergrid (NPg) in arranging venues and publicising the availability of the food trucks.

4 Community groups provided information updates and lists of support services available to residents through social media, local shops and leaflets for every house.

5 Assisted the community to engage with the responding authorities, DCC, NPg, councillors etc. as well as identifying those in need and requiring support. When required, assisted in delivery of support items such as welfare packs.

6 The number of volunteers varied greatly depending on the size of the group and area covered. In some areas up to 59 volunteers helped their local community.

7 Community support was provided by several local businesses, this was often in the form of workforce but in some instances, it came with the provision of resources and consumables for the local community.

8 MPs, parish councillors and county councillors provided support to their local community groups.

9 Local support also came from AAP coordinators who volunteered to provide assistance, council employees in their local community, a locally owned charity, staff from local schools and one responding group received support from four youth ambassadors.

10 Some community groups provided support to upwards of 293 homes, with numbers varying greatly from area to area. Communications and information were provided to a much larger number of homes.

11 The majority of community groups provided support for around three to seven days, the longest was 21 days.

12 Information was a challenge for community groups, with many stating that there was a lack of information and clarity being provided by NPg as to when power would be restored.

13 There was a lack of understanding of the “big-picture”. This is something that if addressed could assist in future incidents.

14 Electronic communication was an issue in some areas where they had no access to landlines, mobiles, or internet.

15 Some experienced issues with resources required to support communities. Welfare packs were made available, in some cases requests were never fulfilled and passed on to community groups and generators promised by NPg in some cases never arrived or had mechanical issues.

16 Perception of the co-ordination of the response to the storm was poor. This includes dealing with people’s unhappiness about the situation which was taken out on volunteers and councillors. Some said that greater co-ordination is needed locally to support those who need it, and this should be quicker.

17 Suitability of facilities used for support was a concern. Some had no power to provide hot meals or drinks, while a concern was raised around safeguarding where a school was used.

18 Several community groups had draft community emergency plans, but sections and details were missing that could have been used. Others did not have an emergency plan in place.

19 Appropriate PPE and ID to show volunteers supporting the response was not in place. Some residents became suspicious of the motives of those volunteering, with some residents being afraid to open doors.

20 Some areas experienced issues with volunteer fatigue due to the length of time they supported the response.

21 Information provided by NPg could be improved, with advice on when homes would be reconnected and more timely information around the availability of food trucks in the local area.

22 Some communities have suggested that the provision of a generator for their facilities would be of benefit.

23 A clear and usable system/database of everyone needing assistance and if they had received help, therefore informing door knocking activities.

24 Eventual good support provided by the AAP staff and partnership although this needs to be sooner.

25 A provision for funding and resources to be made available, with a clear and quick way to access funds to assist in communities during an emergency. Where not available, a defined process for reimbursement should be in place.

26 Greater mental health support to be made available in the aftermath of incidents such as Storm Arwen, especially in areas already experiencing high suicide rates and mental health issues.

27 The growth and development of community groups in response to COVID have helped to achieve a greater level of preparedness and assisted with the response to Storm Arwen.

28 The local AAP, wardens and elected Members have been praised for their support.

29 Some community groups have commented that they felt that the response to Storm Arwen was very good under unusual and difficult circumstances.

30 DCC should have made the decision to declare a major incident earlier.

Recommendations

31 NPg to be more proactive and timelier in its community support and more accurate information on the location and duration of power outages.

32 Improved communication and co-ordination from DCC and partner agencies, including a single point of contact (SPOC) to quickly utilise and mobilise local community intelligence.

33 A greater visible presence on the ground from responding agencies.

34 Support and guidance for using community facilities who wish to offer assistance in future incidents.

35 Pre-deployment of resources such as welfare packs to those area that require them, for more rapid deployment.

36 Review of community facilities to ensure they are resilient and able to provide the maximum amount of support possible to the community. Consideration for the use of generators or other resilient power sources.

37 To start or continue with the development of community emergency plans in conjunction with DCC.

38 Community group training to improve knowledge and skills for incident response; information on the LRF, emergency planning and responders (Category 1 and Category 2).

39 Greater access to emergency packs being provided, stored locally to speed up distribution.

40 A Community Crisis Financial Fund should be considered to assist with the response to future incidents, as well as greater financial support upfront for more staffing and resources.

Appendix 8: Storm Arwen general public survey

1 Two hundred and thirty-four people responded to an online survey available on the council's website between 21 February and 18 March 2022.

Effects

2 Of the 234 respondents, 184 respondents advised they were directly affected by Storm Arwen, while 150 respondents were indirectly affected. One hundred and fifty-seven respondents experienced a power outage, 125 experienced loss of telecommunications, 50 experienced property damage from the storm or falling trees and 21 experienced loss of water supply.

3 Respondents were affected by power outages for a range of days from up to one day to over six days, with the two largest groups of respondents experiencing outages for more than six days (46) and five to six days (31), the lowest was up to a day (three responses).

Attempts to use contact channels

Channel	Didn't try	Tried but didn't get a response	Tried and got through
Northern Powergrid by telephone	36 (28%)	71 (55%)	22 (17%)
Northern Powergrid by email	69 (62%)	31 (28%)	12 (11%)
Northern Powergrid website	36 (31%)	44 (37%)	38 (32%)
Northern Powergrid social media (such as Twitter or Facebook)	66 (64%)	21 (20%)	16 (16%)
Durham County Council by telephone	90 (88%)	9 (9%)	3 (3%)
Durham County Council by email	94 (97%)	3 (3%)	0 (0%)

Channel	Didn't try	Tried but didn't get a response	Tried and got through
Durham County Council website	90 (94%)	3 (3%)	3 (3%)
Durham County Council social media (such as Twitter or Facebook)	93 (93%)	6 (6%)	1 (1%)
Local councillor	90 (87%)	3 (3%)	10 (10%)
Local MP	85 (83%)	4 (4%)	14 (14%)
Ringing 101	90 (87%)	7 (7%)	7 (7%)

Satisfaction with contact channels

Channel	Satisfactory outcome?	
	Yes	No
Northern Powergrid by telephone	4 (18%)	18 (82%)
Northern Powergrid by email	0 (0%)	0 (0%)
Northern Powergrid website	3 (100%)	0 (0%)
Northern Powergrid social media (such as Twitter or Facebook)	3 (19%)	13 (81%)
Durham County Council by telephone	2 (67%)	1 (33%)
Durham County Council by email	94 (97%)	3 (3%)
Durham County Council website	90 (94%)	3 (3%)
Durham County Council social media (such as Twitter or Facebook)	0 (0%)	1 (100%)
Local councillor	6 (60%)	4 (40%)
Local MP	12 (86%)	2 (14%)

Channel	Satisfactory outcome?	
	Yes	No
Ringing 101	1 (17%)	5 (83%)

Help and assistance

4 Most respondents remained at home (122). Respondents mostly either received contact from NPg (77) or received no contact from any responder agency (68). Of those respondents that did receive contact, the two highest groups received contact from one to three days after outage (41) and three to five days (25).

Assistance	No. (%)
Support from friends, family or neighbours	92 (81%)
Mobile food truck	32 (28%)
Locally organised community support, such as a community centre, church, school, community volunteers or local businesses	21 (18%)
Local drop-in centre for information, advice, food or warmth	8 (7%)
Northern Powergrid customer support hub or vehicle	8 (7%)
Emergency care pack provided by Northern Powergrid	5 (4%)
Emergency boxes provided by the army or the local council, directly or through community centres	5 (4%)

Specific issues raised

5 Decision-making process of DCC and partners needs to be sped up, especially in declaring a major incident, with support needing to be provided more quickly, with praise for decision to request support from the Army, although considered too slow to make that decision.

6 Need for improved understanding of geographical differences and challenges by DCC and partners, including isolated properties, issues with damaged/fallen trees and information and support residents may need with this.

7 The accuracy, efficiency and effectiveness of communication and co-ordination between DCC and partners needs to be improved.

8 Review of staff availability and whether staff required to be more visible during response (door knocking, providing information etc.) as responders criticised for not being visible and too slow to send staff out to assist/repair problems.

9 DCC and partners must review communications strategies and telecommunication infrastructure as many residents received no or late communication and inaccurate information, including the support available to them, and were left with no communication facility to contact responders.

10 Some residents praised the communication of information they received during Storm Arwen.

11 DCC and partners need to review strategies around identification and registration of affected households, including identification and registration of vulnerable households, welfare checks on those impacted as well as ways of providing support to those unable to travel to centralised support hubs and unable to leave home.

12 Need to review existing and potential community buildings that can be/are used as centres to provide support to communities and increased desire to create community response plans.

13 Resilience of support centres and vulnerable community buildings (care homes etc.) needs to be improved with provision of equipment (generators etc.) and resources to be able to provide support to community.

14 Frontline staff and engineers, especially those from NPg, have generally been praised for their efforts during the response, alongside local councillors and MPs.

15 The provision of food van support has been praised. Although some respondents requested greater food variety and some complained about inaccessible locations and the use of community venues to provide centralised support; and the provision of care packs and equipment to help with heating, cooking etc., including provision of generators. However, many residents advised they had no access to or received no support.

16 Some individuals praised DCC and partners for their response, including closing and clearing of roads, especially from fallen trees and checks on some residents noting the scale and complexity of the incident response.

17 Some residents noted that DCC and partners response had improved during the most recent storms, including communications, although they noted the impacts in many areas were less severe. Other residents noted no improvement.

18 Some residents noted ongoing power connectivity issues they are still experiencing with sporadic power cuts, citing the need for increased investment in power infrastructure.

19 Some residents praised the compensation offered by NPg, while others noted problems with information around compensation, the compensation process, timescale and amount while others have received no compensation.

20 Some individuals praised specialist medical equipment suppliers for their efforts to provide urgent medical equipment/supplies to residents during the storms.

21 Some residents noted they have already taken their own measures to make themselves more resilient to future incidents. Some feel their concerns were not being taken seriously by DCC and partners with some individuals stating the council area should be divided into smaller units.

Appendix 9: Improvement action plan

No.	Theme	Suggested actions/considerations	Service Responsible	Date to be Completed
1	**Review and expand the community resilience offering across County Durham**	(a) Promote the development of new and review existing community resilience plans, as necessary, through town and parish councils and community groups.	CCU, N&CC	31/03/2024
		(b) Provide training and exercising opportunities for town and parish councils and community groups to improve knowledge and skills for emergency response, including information on the LRF, emergency planning and Category 1 and 2 responders.	CCU, N&CC	31/03/2024
		(c) Work with local communities to identify through energy efficiency audits, where community resilience hubs could benefit from being sustainably powered in order to provide emergency support to residents impacted by future incidents.	Partnerships, N&CC	31/03/2025

		(d) Consider the creation of a council community resilience and response support fund to operate alongside other partner/external sources of funding, to support community preparedness and to support those assisting community responses to future incidents.	CCU, N&CC	30/09/2022
		(e) Review public advice and guidance on ways to improve personal and property resilience.	CCU, N&CC	30/09/2022
2	**Improve incident planning and preparedness through the emergency planning, training and exercising processes including the role of Members**	(a) Review existing emergency plans and arrangements including on-call rotas ensuring they are updated as necessary, with lessons learned from Storm Arwen.	CCU, N&CC	31/10/2022
		(b) Develop procedures and contingency plans for internal use and in partnership with the LRF for the response to similar incidents scenarios (e.g. power outages, communication failures etc.).	CCU, N&CC	31/10/2022
		(c) Develop a surge resourcing plan and identify, recruit and train pools of staff	CCU, N&CC with Public Health,	31/10/2022

		who can be deployed to various support roles in emergency incidents.	AHS and HR, RES	
		(d) Develop an annual training and exercising schedule for senior council managers linked to PDRs, to ensure regular exposure and awareness in relation to emergency response.	CCU, N&CC with HR, RES	31/03/2023
		(e) Develop a training programme on the use of Resilience Direct.	CCU, N&CC	31/03/2023
		(f) CCU to work with LRF partners to exercise the response to major incidents and scenarios, with a focus on supporting the public during a prolonged incident.	CCU, N&CC with LRF	31/10/2022
		(g) Provide emergency planning awareness training to elected Members to improve their understanding and familiarity with emergency response process.	CCU, N&CC with HR, RES	31/10/2022
		(h) Review guidance for elected Members on incident response and distribute.	CCU, N&CC	31/10/2022
3	**Review emergency response resources and establish qualifying criteria for future incidents**	(a) Review the community welfare pack stocks and develop criteria for their activation, deployment and distribution, including a review of available options for storage and distribution, to ensure	CCU, N&CC with Adults, AHS and Procurement, RES	30/09/2022

		packs are readily available and can be distributed rapidly to those in need.		
		(b) Consider a centralised, countywide vulnerable persons database/register so that vulnerable persons can be identified quickly, contacted and provided with support as necessary.	CCU, N&CC with Research & Intelligence, RES	31/12/2022
		(c) Review the availability of resources that will be required to support an Emergency Assistance Centre for a prolonged period, including managing staff, support staff, communications etc.	CCU, N&CC and HR, RES	30/10/2023
		(d) Work with utility companies and LRF to review the provision of assistance to vulnerable people, welfare support (food vans etc.), emergency equipment including support packs and generators, including the criteria for support and respective organisational responsibilities for provision (note that this needs to be informed by the outcome of the national review).	CCU, N&CC	30/09/2022 to tie in with timescale for national review actions

4	**Review of communication and information sharing during incident response following the Joint Emergency Service Interoperability Principles (JESIP).**	(a) Review communications strategies to ensure that effective communications can be maintained internally within the council and externally with partner organisations and residents, including the consideration of alternative communication methods if residents with no power and limited battery time on mobile phones are unable to access internet/digital communications.	CCU, N&CC with Communications and Marketing, REG	31/03/2023
		(b) Review the SITREP process for those responding to an incident.	CCU, N&CC	31/08/2022
		(c) Consider the future data requirements of an incident and what resources are required from the council.	CCU, N&CC with Research & Intelligence, RES	31/10/2022
		(d) Review LRF and organisational telecommunications resilience, including the LRF Telecommunications Plan.	Digital Services, RES with LRF	31/03/2023
		(e) Review documentation and training to ensure that the Joint Emergency Services Interoperability Principles (JESIP) are considered and included in incident actions.	CCU, N&CC	30/09/2022

5	**Develop a protocol for the activation and use of Council staff in during an incident**	(a) Develop a surge out of hours activation protocol.	CCU, N&CC	31/10/2022
		(b) Consider staff roles in an incident and ensure that suitable training and PPE is available (example door knocking and reception centres).	CCU, N&CC with HR, RES	31/10/2022
6	**Review strategic, tactical and operational decision making and governance**	(a) Review the process for declaring a major incident and update accordingly for widespread incidents and high impact incident.	CCU, N&CC with LRF	31/08/2022
		(b) Consider a Strategic and Tactical Officers rota for chairing incident response groups.	CCU, N&CC	31/10/2022
		(c) Consider the establishment, the criteria and staffing requirement for a multi-agency command centre.	CCU, N&CC with LRF	TBC

Contact:
Direct Tel:
email:
Your ref:
Our ref:

Durham County Council

Mr Alan Patrickson
Corporate Director of Neighbourhoods and Climate Change
Durham County Council
County Hall
Durham
DH1 5UE

27 May 2022

Dear Alan

Response to the Storm Arwen Improvement Plan

As Chair of the Council's Safer and Stronger Communities Overview and Scrutiny Committee, I would like to thank Kevin Edworthy, Gordon Elliott and yourself for attending the Committee's special meeting on 20 May 2022 to deliver a presentation on civil contingency planning and Storm Arwen review.

The report's recommendation was for the Committee to note information contained within the report and presentation and provide comments on the proposed improvement plan. In line with this recommendation, the following are comments from the Committee in relation to each improvement plan theme:

Theme 1 – Review and expand the community resilience offering across County Durham

Members acknowledged the incredible response by local residents, community groups and associations and parish and town councils within their areas following Storm Arwen. The Committee note ongoing work to develop local Community Risk Plans, citing examples where this has been undertaken and encourage all parish and town councils to develop a plan within their area. However, Members highlighted

a potential risk with capability for delivery of plans due to limited resources within some parish councils and ensure that both parish and town councils are properly equipped, and appropriate support is provided.

The development of local Community Risk Plans together with a creation of central vulnerable person data base within Theme 3 of this improvement plan may assist with targeting resources and focused deployment of staff, including military support to communities within the county.

The Committee note the national review of the Civil Contingencies Act 2004 and that a National Resilience Strategy with a vision to make the UK the most resilient nation is anticipated to be published in the summer. Members questioned available resources from the Government to local authorities and in response note grant funding from the Government has been provided for investment in resilience for local communities and following the review of the Civil Contingencies Act, there is planned expansion of core staff within the Local Resilience Forum. This investment is welcomed and I request that an update on this position is included within a future report to the Committee.

Theme 2 – Improve incident planning and preparedness through the emergency planning, training and exercising processes

Elected members have a pivotal role within their local communities if a major incident is declared. Whilst acknowledging unprecedented demand on services over a weekend period, Members commented on the challenges they experienced attempting to contact council and partner agencies via telephone. During this period, Members also provided feedback that they experienced some uncertainty on who to contact and how to signpost residents to obtain advice or information. Within this context, Members welcome the proposal to review on-call rotas and provide elected Members with guidance on incident response and emergency planning awareness training.

Whilst not included as a suggested action within the improvement plan, Members also welcomed the wide-ranging approach to engage with young people in emergency planning awareness through schools, young firefighters association and army, air and police cadets.

Theme 3 – Review emergency response resources and establish qualifying criteria for future incidents

The focus of consideration within this theme was establishment of a centralised vulnerable persons database. Members shared experiences to the potential risks and impact power failure can have to residents who are dependent on electricity for vital medical equipment within their homes. The creation of a proposed centralised county-wide vulnerable persons database is essential for the council and partner

agencies to make contact with vulnerable people and provide the support they require.

Whilst not a specific action, Members commented on the benefits of alternative sources of power and how this had been utilised and beneficial in some community buildings within the county with Tow Law Community Centre cited as an example of good practice.

Theme 4 – Review of communication and information sharing during incident response following JESIP principles

Members welcome the suggested areas within this theme and commented that clear, concise and timely communications from the council and all agencies was essential to residents, communities and elected members. In considering this theme, Members highlighted this as an important improvement area within the plan and provided feedback to their frustrations and from residents when the estimated time of power restoration was not being met and hours turned into days. In addition, members acknowledged this was an unprecedented storm and demand that would have been placed upon council services, particularly customer services were extremely high.

In considering this area, Members also commented on the need to consider alternative communication methods as residents with no power would have no internet to view websites for information and limited battery time through their mobile phone.

The Committee also noted that an anticipated outcome from the national review of Civil Contingencies Act is for removal of the Category 2 responder and all agencies will be classed as Category 1 responders that includes stronger requirements to agencies to provide information in relation to an incident.

Themes 5 & 6 – 'Develop a protocol for the activation and use of Council staff during an incident' and 'Review Strategic, Tactical and Operational decision making and governance'

The committee considered these areas together and support the approach to develop a surge out of hours activation protocol and consideration to roles that could be undertaken by staff working from home to provide vital support to an incident.

Following consideration of these areas, in addition to the report's recommendation and comments to the improvement plan's themes, the Committee also agreed the following recommendations to:

(i) Support the proposed improvement plan and associated actions;
(ii) Note the identified timelines for the improvement plan actions to be delivered, and
(iii) Recommend to Cabinet that the Safer and Stronger Communities OSC receive regular monitoring updates on progress against the improvement plan actions.

In closing the meeting, Members applauded the efforts of officers and staff from all agencies who worked tirelessly in unprecedented times to support communities within County Durham.

To conclude, I hope you find the above comments constructive and would welcome these being reflected in any future report to Cabinet. If you require any further information, please contact the Committee's Overview and Scrutiny Officer, Jonathan Slee.
Yours sincerely

Joyce Charlton

Cllr Joyce Charlton

Chair of the Safer and Stronger Communities

Overview and Scrutiny Committee

Cc

Cllr Craig Martin, Chair Corporate Overview and Scrutiny Management Board

Cllr Chris Lines, Vice Chair Corporate Overview and Scrutiny Management Board

Cllr Phil Heaviside, Vice Chair Safer and Stronger Communities OSC

Cllr John Shuttleworth, Portfolio Holder for Rural Communities and Highways

Helen Lynch Head of Legal and Democratic Services

Ros Layfield Democratic Services Manager

Stephen Gwillym, Principal Overview and Scrutiny Officer

Gordon Elliott, Head of Partnerships and Community Engagement

Kevin Edworthy, Strategic Manager- Executive Support

Cabinet

13 July 2022

UK Shared Prosperity Fund Investment Plan

Ordinary report

Report of Corporate Management Team

Geoff Paul, Interim Corporate Director of Regeneration, Economy and Growth

Councillor Elizabeth Scott, Cabinet Portfolio Holder for Economy and Partnerships

Electoral division(s) affected:

Countywide.

Purpose of the Report

1 This report provides an update on the approach and progress made so far in the development of an Investment Plan for the UK Shared Prosperity Fund (UKSPF).

2 This report seeks approval for the submission of the UKSPF Investment Plan for Durham.

Executive summary

3 In April Government announced the prospectus and initial funding allocations for the UK Shared Prosperity Fund, which will replace the previous European funding arrangements. The County has a conditional UKSPF allocation of £30,830,613 and an additional £2,803,077 allocation for Multiply – a new adult numeracy programme. Funding is available across three financial years 2022/23 to 2024/25.

4 To secure the UKSPF allocation, an Investment Plan must be developed and submitted to Government by 1 August 2022. An Investment Plan for Multiply needs to be submitted by 30 June 2022. These Investment Plans should be developed in conjunction with a range of local partners and for UKSPF should specifically include the active engagement of the County's six Members of Parliament. The existing, well-established County Durham Economic Partnership has been broadened to incorporated wider representation to reflect the

nature of the Fund, this CDEP+ group has guided and provided insight into the development of the Investment Plan.

5 Through the CDEP+ arrangements a programme of active engagement with a broad range of local and regional stakeholders has been undertaken to develop the Plan. A robust evidence base has been developed to identify local challenges and opportunities, which has been used to inform and prioritise activities that should be funded using UKSPF. This includes building a key statistical data set, analysis of feedback from the recent Big Econ-versation and mapping priorities with the County Durham Vision and the emerging Inclusive Economic Strategy. This has been used to inform the prioritisation of investment priorities and activities that will delivery maximum impact and meet local needs.

6 UKSPF can be used to deliver activities under three investment priorities, Communities and Place, Supporting Local Businesses and People and Skills. However, activity under People and Skills is not due to start until 2024/25, with ESF due to cease in December 2023, this will create a significant funding gap and service disruption in employability support to those residents furthest away from the labour market. This also directly impacts on the County Council, as a recipient of EU funding to deliver these services across the County.

7 Durham County Council, as lead authority, will be the accountable body for this funding, and will be responsible for the ongoing management of allocation, including assessing and approving applications, processing payments and day to day monitoring.

Recommendation(s)

8 Cabinet is recommended to:

(a) note the approach and progress that is being made to develop investment plans for UK Shared Prosperity Fund and the emerging priority areas;

(b) note the implications and risks to the Council as EU funding comes to an end and give further consideration on how to ensure an effective transition arrangement from EU funding and UKSPF;

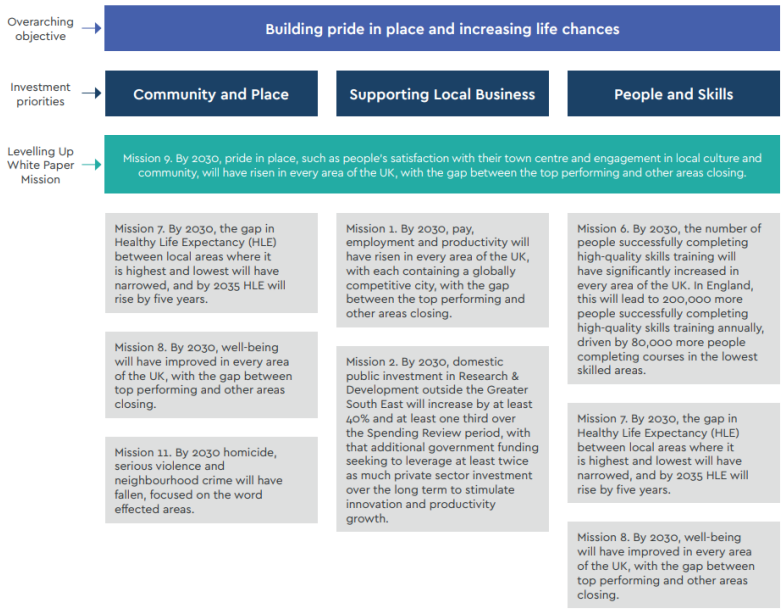
(c) delegate authority to the Council's Chief Executive, Section 151 Officer and Leader to approve the investment plan's submission to Government before the deadline of 1 August 2022.

Background

9 The UK Shared Prosperity Fund (UKSPF) prospectus was published on 13 April 2022 alongside details of the three-year funding allocations. County Durham has a conditional allocation of £30.8 million, this is predominantly a revenue grant scheme, with an element of capital funding, this starts at a minimum 90:10 revenue to capital split in 2022/3, increasing to 80:20 by 2024/25. The funding allocation is as follows:

	2022/23	2023/24	2024/25	Total
UKSPF	£ 3,741,580	£ 7,483,160	£ 19,605,878	£ 30,830,618
Mulitply	£ 847,442	£ 977,818	£ 977,818	£ 2,803,077
Total	£ 4,589,022	£ 8,460,977	£ 20,583,696	£ 33,633,695

10 The overarching aim of UKSPF is to build '*pride in place and increasing life chances'* through three core investment priorities: communities and place, supporting local business and people and skills. It is a central pillar of the government's Levelling Up agenda and is a significant component to achieving the Levelling Up Missions, as set out in the illustration below:



UKSPF Investment Plan

11 To access UKSPF funding, an investment plan must be submitted to Government for its approval, this needs to set out how the fund will be delivered and what local priorities it will support. This includes identifying local opportunities and challenges, which will inform the selection of measurable outcomes and interventions under each investment priority. Interventions can be chosen from a menu of 41

different options. Bespoke local interventions may also be identified where a clear theory of change is provided to support this.

12 The Investment Plan requires the funding allocation to be broken down against the interventions which most closely meet the needs, opportunities and strengths of the county. A wide range of initiatives and schemes qualify for the fund, much broader than that previously funded through ESIF investment. A key challenge has therefore been to agree and prioritise the investment priorities and interventions that will have the maximum local impact. To inform this a detailed evidence base has been developed.

13 The approach taken to developing this evidence base includes:

- establishing a core data set - including a baseline position for the county against the Levelling Up White Paper Missions, data from the recent economic analysis undertaken for the Inclusive Economic Strategy, and a detailed statistical evidence base, together with analysis of previous EU programmes, produced by the NELEP Evidence Hub,

- thematic working groups of local stakeholders, looking at each of the three SPF priorities, to identify challenges and opportunities, share best practice on what works and look at gaps in provision,

- regional consultation events and round-table discussion with the main business representative organisations;

- reviewing key strategies, for example the County Durham Vision, feedback from the recent Big Econ-versation and the emerging priorities in the Inclusive Economic Strategy.

14 This information has been collated to develop an evidence base which has been mapped against the UKSPF Investment Priorities and Interventions, this sets out a clear local model to underpin the prioritised areas of activity and how these lead to impacts and outcome and outputs that meet local needs.

15 Sitting along this evidence base, a set of principles has also been identified to inform the prioritisation of activity areas. These guiding principles are:

- <u>Ensuring Flexibility</u> – the list of the 41 UKSPF Interventions cover a wide spectrum of potential activities; some have a broad focus while others are narrower and are limited to a single activity. Interventions have therefore been identified to allow of a broader set of activities to come forward to ensure maximum flexibility is built into the programme from the start. This will enable UKSPF

to adapt to changing circumstances and flex to meet new needs. An example of this is support for social enterprise, there is a specific intervention focused solely on delivering this activity, however, delivery of this is also possible under an intervention that provides for much broader business support activity, which tactically has been proposed to be selected instead, still allowing for social enterprise provision to come forward but not restricting an amount of funding just for this. There is a danger that larger numbers of smaller interventions would also result in more money being spent on individual project management and less on front line delivery, and so prudent programme management is to select a few, wide ranging interventions that permit flexibility;

- Maximising Synergies – there is a broad set of interventions that can be supported by UKSPF, much broader than the funding it replaces. There are also significant linkages between the different priorities and interventions, to ensure we make the utmost use of limited resources we will ensure judicious commissioning of activity to maximise synergies, ensuring projects brought forward deliver multiple impacts and benefits;

- Addressing funding gaps – ensure it will fund programmes that complement, provide added value and do not duplicate other activity. UKSPF should be focused on where there are clear gaps in funding availability and in the provision of activity;

- De-risking annualised funding - the Government has made it clear that the annual allocation of grant needs to be spent in year otherwise it will have to be given up and lost to the area. The allocation for this financial year (2022/23) is £3,741,580, this includes a minimum capital spend of 10%. To ensure this is committed and defrayed before the end of March 2023, work has been undertaken to identify activities that can commence and spend this year, without prejudicing the take-up of grant in future years;

- Net Zero – cutting across, regardless of whether they are focused on specific low carbon interventions, such as increasing green skills and business energy efficiency measures, all activities are expected to contribute towards net zero.

Evidence Base and Emerging Priority Areas

16 A golden thread through the UKSPF Investment Plan for County Durham is a focus on achieving a thriving economy, that tackles the root causes of deprivation and inequality, creating more and better jobs for

everyone, with activity under all Investment Priorities and Interventions contributing to this.

17 The following is a summary of the evidence base, identifying key challenges and emerging priority areas of focus for UKSPF, set out under the Fund's three investment priorities.

Supporting Local Business

18 The evidence base under this theme suggests that County Durham has:

- a low business base, with fewer businesses per head, reflecting the relatively small size of the private sector in the county. There's a need to increase the size of the business base for the economy to be successful – stimulating new business creation, attracting more inward investment and helping existing business stock to survive and grow;

- there is a consistently low business birth rate, demonstrating a need for a step change in the numbers starting up and succeeding and growing;

- there is a widening productivity gap. The GVA per head of population is significantly lower in the County than the regional or national average. There's a need to improve productivity and jobs in key sectors. The R&D investment rate within the county is relatively low (both public and private sector), fewer patents granted and with low access and use of Innovate UK funds across the county and limited participation and access to full Catapult support networks;

- talent attraction and return, mismatch of skills and skills shortages are impacting on the growth of the economy and enabling of key sectors;

- there is a significant shortage of quality industrial space and market failure in provision of light industrial units for small scale manufacturing and service businesses.

19 Consequently, the proposed areas of focus for the County through UKSPF are:

- activities that increase productivity within the county, providing a broad business support offer, strengthening the local business ecosystems, and providing support at all stages for businesses to start, sustain, grow and innovate. This will include support for the de social enterprise development linked to community wealth building;

- the fostering of innovation and growth including creating business accelerator programmes, incubators and workspace provision;

- there will be a focus on green technology and support for decarbonisation, recognising the County's climate change emergency. There will also be a focus on nurturing the county's sector specialisms and clusters, such as advanced manufacturing and engineering, as well as those sectors not well supported under previous ERDF funding, such as retail and tourism and developing creative industries.

Community and Place

20 The evidence base under this theme suggests that:

- County Durham suffers from poor health outcomes and health inequalities, it has lower than average healthy life expectancy. There are a wide range of population level health issues, most strongly linked to poverty and deprivation;

- County Durham experiences proportionately more crime and public disorder than England (excluding London). Violent and sexual offences are nearly 1/3 higher than the England average. Anti-social behaviour is an issue, the county has the highest ASB rate (per 1,000 population) among the seven LAs in the region, this is clustered within particular hotpot areas (10 locations in the county make up a third of reports);

- small area deprivation is more common in County Durham than nationally with 12% of small areas in the most 10% of deprived areas in England (IoMD 2019). The county also has a relatively high number of 'left behind' neighbourhoods as identified by the 2019 Local Trust research, the second highest rate amongst local authorities nationally;

- the rate of increase in the proportion of children living in low income households has accelerated since 2019. Income Deprivation Affecting Children is high, with Durham ranked 38th of 151 upper tier local authorities in England on this measure (1 = worst) and the % of households experiencing worklessness is also relatively high;

- participation in cultural activities in the County is lower than regionally and nationally and there is a lower prevalence of Creative Industries jobs and business in Durham;

- feedback from the Big Econ-versation, and supported by the County Durham Vision, show that residents are dissatisfied with their local town centres and high streets. Residents were asked to rate their priorities for the future across a range of areas, the top priority with over 91% of respondents was improving town centres.

21 Specific to this Investment Priority emerging areas of focus include the following:

- findings of the recent Big Econ-versation and priorities within the County Durham Vision and emerging Inclusive Economic Strategy show there is a clear rationale for focusing investment to support improvements to town centres and high streets and stimulating vitality in these areas. Improvements to community and neighbourhood infrastructure will also be prioritised, including measures to increase community resilience, address digital exclusion and improve green infrastructure at a local level;

- support for the wider promotion of the County, building on the work undertaken to support the County of Culture programme, raising the profile of the County, its culture, tourism and heritage offer to encourage people to visit and explore the area. This will be supplemented with activities that support local arts, cultural, heritage and creative activities, including events;

- the County Durham Vision and Big Econ-versation highlighted the strong community spirit that exists within the county, building on this a focus of activity will be to support impactful volunteering and social action projects, particularly those that maximise impact by delivering community infrastructure and environmental improvement schemes, while also mobilising and engaging people to help improve access to employment and provide wider health and well-being benefits. Capacity building to support the delivery of this will be built in. This activity will also include a focus on preventative activities for young people to address NEETs and tackle anti-social behaviour;

- the latest figures from the ONS show that inflation is at the highest level for four decades. This particularly impacts low-income households that spend a larger proportion than average on energy and food, so will be more affected by price increases. Given this, a focus of activity will be on measures to reduce the cost of living and aiming to ease financial pressures on families. This also aligns to delivery of the Multiply programme within County Durham (the Government's new national adult numeracy programme, funded via UKSPF), which over the next three years,

will work with VCS organisations in appropriate local venues/settings in the county, to engage harder to reach learners, particularly those within communities that are experiencing economic and educational deprivation. As well as supporting individuals who may be taking initial steps towards formal qualifications, support will be provided to help with the cost of living through every-day tasks such as managing budgets and household finances, cooking and shopping.

People and Skills

22 The evidence base under this theme suggests that County Durham has:

- high and rising levels of economic inactivity, made worse by Covid. High numbers are out of the labour market due to long-term health issues and face multiple barriers to employment, the County also has a greater proportion of disabled residents;

- the employment rate is lower with higher numbers of people receiving state benefits. There are higher levels of low pay with lack of progression;

- the county has an ageing population with a higher % of older workers. Its workforce population is relatively smaller and is decreasing;

- the County has a lower qualification profile than England with a lower level of higher level skills. Compared to national averages, a lower proportion of residents are qualified to Level 3 and above and a large proportion have no qualifications. Significantly, fewer people are occupied in managerial, professional or technical occupations and there is evidence that higher skilled people commute out of the county for work;

- a significant skills gap exists. Employers report a range of technical and soft skills gaps, with the largest gap compared to nationally being specialist skills or knowledge. There's a need to upskill the existing workforce in light of these skill shortages. There are also increased difficulties recruiting into key sectors.

23 Consequently, the proposed areas of focus for the County through UKSPF are:

- providing a broad employment support offer, supporting inclusivity through tailored support, particularly for young people and adults from vulnerable groups to address their barriers to work and who have become disengaged from the labour market;

- there will be a focus on activities to increase basic skills, which will also provide wrap around support to enhance and complement the Multiply programme offer;

- there will be a broad skills support offer for the workforce, including skills support for redundancy. The offer will be adaptable to respond to sector pressures as identified through the emerging Inclusive Economic Strategy and meet the needs of growth sectors, aiming to address skills shortages. In particular this will include green skills and those needed within the local carbon sectors and increased digital skills.

Gap in employability provision

24 Government guidance states that funding from UKSPF for the People and Skills element is only to be introduced from year 3, April 2024. The exception to this where there is provision being undertaken by the VCS only and it can be demonstrated that the VCSE organisation is both at risk from funding running out and where the activity is agreed as a priority for it to continue into future years.

25 Current ESF funding is due to come to an end at the end of December 2023. This therefore creates a funding gap of at least three months. However, as projects start to wind down, and consequently staff potentially leave, this creates a much longer gap in the provision of employability support. A recent exercise to forecast when the last clients will be referred onto programmes show that this will be much sooner and depending on the scheme will be as early as Spring 2023 – therefore creating a much longer gap of potentially up to a year in the provision of activity to those most disadvantaged and furthest from the labour market.

26 Durham County Council has been a major recipient of ESF and ERDF receiving over £73 million in grant funding, using it to invest in key priority areas for the council and supporting the economy of the county. The transition from EU to UKSPF will have major implications therefore to the Council as these activities over the course of the next couple of years come to an end. This includes consideration to staffing and resources, currently 190 staff are employed by the council funded through EU projects. A separate report will come forward to the council on this, outlining proposals to maintain provision, mitigate risk and manage budgetary pressures.

Governance and Engagement

27 As Lead Authority, the Council is tasked with working with a diverse range of local and regional stakeholders, in a partnership setting to

develop the Investment Plan and achieve the Fund's outcomes. The guidance notes that in circumstances where a place already has a group that could be used, then the group can be designated for this Fund's purposes. Over the past 20 years, the County Durham Economic Partnership (CDEP) has regularly fulfilled this role in developing funding programmes. The partnership's membership has been enhanced, with broader representation to reflect the guidance, including all the local MPs, and a CDEP+ model has been established for the purposes of UKSPF.

28 The CDEP+ Board is supported by its Technical Funding Support Group, which has provided insight to develop the local context, building an evidence base to identify opportunities and challenges though the lens of the three investment priorities for UKSPF. Under these CDEP+ arrangements there has been wide engagement with a diverse range of stakeholders, working collaboratively with them to develop the Investment Plan.

29 Four thematic groups, based around the key investment themes have also been convened. These groups are open invitation and have engaged a broad range of stakeholders, this is not an exhaustive list but includes representatives from the VCS, community and civic society organisations, housing providers, enterprise agencies, FE and HE, the private sector as well as colleagues from across the County Council. The Technical Funding Support Group continues to be involved on a regional level to discuss the possibility of wider cross boundary activity where appropriate. A wider stakeholder engagement event has also been held, so that partners and stakeholders have the opportunity to see the results of this work in the round, and input into identifying potential pipeline opportunities. This has been supplemented by numerous conversations with extended partners.

30 Key communication and summary of engagement includes:

Throughout May and July	Ongoing meetings of thematic groups with open invitation to develop detailed work on investment plan. Meetings of the CDEP Technical Funding group to guide and advise on the development of the plan.
18 May	DCC Cabinet briefing on UKSPF, proposed governance arrangements and approach
19 May	Regional stakeholder event to identify potential for cross boundary activity
20 May	County Durham Partnership Board – report of CDEP Vice-Chair on UKSPF and progress
24 May	CDEP Board – consideration of proposed governance arrangements, approach, progress and next steps
24 June	1st CDEP+ meeting. To review approach and progress on Investment Plan and provide direction and reflections

4 July	Wider stakeholder engagement event
8 July	Member briefing session
13 July	Durham County Council Cabinet, to consider approval and submission of Investment Plan
22 July	2nd CDEP+ meeting – to consider approval of Investment Plan and proposed arrangements for call for projects
22 July – 31 July	Sign off of Investment Plan (DCC Chief Executive, S151 Officer and Leader) and submission to Government

Next Steps and Programme Delivery

31 The next steps are to finalise the Investment Plan, undertake briefings with Council members, Cabinet member leads, local stakeholders and the CDEP+, which membership includes the six local MPs, to ensure the Investment Plan is ready to be submitted before the 1 August deadline.

32 This report seeks delegated authority, as per the UKSPF guidance, for the Leader of the council, its Chief Executive and Section 151 officer to formally sign off the Investment Plan submission prior to the Government's deadline.

33 Government has suggested that the first Investment Plans will be approved from October 2022. It will be a tight timescale to deliver this year's allocation of funding and ensure the grant is fully maximised before the end of March 2023, therefore it is proposed to start identifying activities from Summer 2022, this will be through a range of mechanisms, including an open call for projects, commissioning and procurement, depending on the most suitable route for the activity.

Conclusion

34 The recent UKSPF prospectus launch and confirmation of local allocations provides an opportunity to set out an investment plan which best delivers against the County's needs and opportunities, including addressing several of the Council's main priorities, and delivering the emerging priorities in the Inclusive Economic Strategy.

35 A robust evidence base and needs assessment has been compiled to help identify preferred interventions and outcomes, this has been developed in a collaborative process, engaging with a broad range of stakeholders through the CDEP+ governance model.

Background papers

- CMT Paper, 27 April 2022

Other useful documents

- UK Shared Prosperity Fund Prospectus DLUHC April 2022

Author(s)

Claire Williams Tel: 03000 261897

Appendix 1: Implications

Legal Implications

The Management of the UKSPF will be covered by a Memorandum of Understanding (MOU). If this follows the format of the MOU issued for the recent Stronger Towns Funding this will not be legally binding but will provide the framework for the Council working with DLUHC in the resourcing and monitoring of the UKSPF programme.

Finance

UKSPF will be paid annually in advance. In 2022-23, funding will be paid once the local investment plan has been signed off. In 2023-24 and 2024-25, allocations will be paid at the start of the financial year. As with the recent Future High Street and Stronger Towns Funds we will receive a grant determination letter and Memorandum of Understanding setting out Fund requirements and obligations.

The Prospectus identifies that Lead local authorities will be asked to return any underspends at the end of each financial year. With Investment Plan sign off not expected before October, careful consideration will be required relating to profiling to ensure 2022/23 funding is not lost.

No formal requirement exists for matched funding for UKSPF. However, the emerging investment plan should demonstrate alignment with existing funding and care will be taken not to create further funding pressures.

Consultation

The Prospectus sets out the requirements for broad inputs into the development of the UKSPF Investment Plan through a partnership approach. The emerging evidence base from the recently concluded E Conversation will provide a useful source of recent relevant consultation material. Broad stakeholder engagement is taking place through the CDEP+ arrangements, with a diverse range of representatives involved in the thematic working groups. A wide stakeholder event is also planned for late June/early July.

Equality and Diversity / Public Sector Equality Duty

The implications of the Public Sector Equality Duty are identified as a cross cutting theme throughout the UKSPF.

Climate Change

The Net zero agenda is a further cross cutting aspect of UKSPF. The emerging climate emergency response plan will provide an important reference point.

Human Rights

None identified.

Crime and Disorder

Initiatives to address crime and disorder are included in the Communities and Place thematic block of UKSPF.

Staffing

The administration of UKSPF will require additional staffing input, as yet undefined. The Prospectus identifies up to 4% of the programme allocation is available to support administration of the programme and proposals for administration will be developed alongside the investment plan.

With UKSPF replacing the former EU funding regime, careful consideration of the cessation of current EU programmes is required given the 190 staff currently involved. Some of the currently EU funded activity will need to continue. Further work on project exit plans will need to be reported to CMT.

Accommodation

Not applicable.

Risk

Overall, there is a significant risk that there will be considerably less funding going forward to support locally managed and delivered jobs and growth activity across County Durham by comparison with previous years.

Procurement

Activity delivered through UKSPF could include a mix of direct delivery, procurement and commissioned services. Corporate procurement colleague will be engaged in the process as the investment priorities begin to emerge.

Appendix 2: Menu of Interventions

Communities and Place

- E1: Funding for improvements to town centres and high streets, including better accessibility for disabled people, including capital spend and running costs.
- E2: Funding for new, or improvements to existing, community and neighbourhood infrastructure projects including those that increase communities' resilience to natural hazards, such as flooding. This could cover capital spend and running costs.
- E3: Creation of and improvements to local green spaces, community gardens, watercourses and embankments, along with incorporating natural features into wider public spaces.
- E4: Enhanced support for existing cultural, historic and heritage institutions that make up the local cultural heritage offer.
- E5: Design and management of the built and landscaped environment to 'design out crime'.
- E6: Support for local arts, cultural, heritage and creative activities.
- E7: Support for active travel enhancements in the local area.
- E8: Funding for the development and promotion of wider campaigns which encourage people to visit and explore the local area.
- E9: Funding for impactful volunteering and/or social action projects to develop social and human capital in local places.
- E10: Funding for local sports facilities, tournaments, teams and leagues; to bring people together.
- E11: Investment in capacity building and infrastructure support for local civil society and community groups.
- E12: Investment in community engagement schemes to support community involvement in decision making in local regeneration.
- E13: Community measures to reduce the cost of living, including through measures to improve energy efficiency, and combat fuel poverty and climate change.

- E14: Funding to support relevant feasibility studies.

- E15: Investment and support for digital infrastructure for local community facilities.

Supporting local business

- E16: Investment in open markets and improvements to town centre retail and service sector infrastructure, with wrap around support for small businesses.

- E17: Funding for the development and promotion (both trade and consumer) of the visitor economy, such as local attractions, trails, tours and tourism products more generally.

- E18: Supporting Made Smarter Adoption: Providing tailored expert advice, matched grants and leadership training to enable manufacturing SMEs to adopt industrial digital technology solutions including artificial intelligence; robotics and autonomous systems; additive manufacturing; industrial internet of things; virtual reality; data analytics. The support is proven to leverage high levels of private investment into technologies that drive growth, productivity, efficiency and resilience in manufacturing.

- E19: Increasing investment in research and development at the local level. Investment to support the diffusion of innovation knowledge and activities. Support the commercialisation of ideas, encouraging collaboration and accelerating the path to market so that more ideas translate into industrial and commercial practices.

- E20: Research and development grants supporting the development of innovative products and services.

- E21: Funding for the development and support of appropriate innovation infrastructure at the local level.

- E22: Investing in enterprise infrastructure and employment/innovation site development projects. This can help to unlock site development projects which will support growth in places.

- E23: Strengthening local entrepreneurial ecosystems, and supporting businesses at all stages of their development to start, sustain, grow and innovate, including through local networks.

- E24: Funding for new and improvements to existing training hubs, business support offers, ‘incubators’ and ‘accelerators’ for local enterprise (including social enterprise) which can support entrepreneurs and start-ups through the early stages of development and growth by offering a

combination of services including account management, advice, resources, training, coaching, mentorship and access to workspace.

- E25: Grants to help places bid for and host international business events and conferences that support wider local growth sectors.
- E26: Support for growing the local social economy, including community businesses, cooperatives and social enterprises.
- E27: Funding to develop angel investor networks nationwide.
- E28: Export Grants to support businesses to grow their overseas trading, supporting local employment.
- E29: Supporting decarbonisation and improving the natural environment whilst growing the local economy. Taking a whole systems approach to invest in infrastructure to deliver effective decarbonisation across energy, buildings and transport and beyond, in line with our legally binding climate target. Maximising existing or emerging local strengths in low carbon technologies, goods and services to take advantage of the growing global opportunity.
- E30: Business support measures to drive employment growth, particularly in areas of higher unemployment.
- E31: Funding to support relevant feasibility studies.
- E32: Investment in resilience infrastructure and nature based solutions that protect local businesses and community areas from natural hazards including flooding and coastal erosion.

People and Skills

- E33: Employment support for economically inactive people: Intensive and wrap-around one-to-one support to move people closer towards mainstream provision and employment, supplemented by additional and/or specialist life and basic skills (digital, English, maths* and ESOL) support where there are local provision gaps. This provision can include project promoting the importance of work to help people to live healthier and more independent lives, alongside building future financial resilience and wellbeing. Beyond that, this intervention will also contribute to building community cohesion and facilitate greater shared civil pride, leading to better integration for those benefitting from ESOL support. Expected cohorts include, but are not limited to people aged over 50, people with a disability and health condition, women, people from an ethnic minority, young people not in education, employment or training and people with multiple complex needs (homeless, care leavers, ex/offenders, people with substance abuse problems and

victims of domestic violence). *via Multiply. Supporting people furthest from the labour market through access to basic skills

- E34: Courses including basic skills (digital, English, maths (via Multiply) and ESOL), and life skills and career skills** provision for people who are unable to access training through the adult education budget or wrap around support detailed above. Supplemented by financial support for learners to enrol onto courses and complete qualifications. Beyond that, this intervention will also contribute to building community cohesion and facilitate greater shared civil pride, leading to better integration for those benefitting from ESOL support. **where not being met through Department for Work and Pensions provision.

- E35: Activities such as enrichment and volunteering to improve opportunities and promote wellbeing.

- E36: Intervention to increase levels of digital inclusion, with a focus on essential digital skills, communicating the benefits of getting (safely) online, and in-community support to provide users with the confidence and trust to stay online. Skills to progress in work and to fund local skills needs.

- E37: Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. This includes supporting the retention of groups who are likely to leave the labour market early.

- E38: Support for local areas to fund local skills needs. This includes technical and vocational qualifications and courses up to level 2 and training for vocational licences relevant to local area needs and high-value qualifications where there is a need for additional skills capacity that is not being met through other provision.

- E39: Green skills courses targeted around ensuring we have the skilled workforce to achieve the government’s net zero and wider environmental ambitions.

- E40: Retraining support for those in high carbon sectors.

- E41: Funding to support local digital skills.

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