



RECORD OF EXECUTIVE DECISIONS

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

Council Tax Base 2023/24 and Forecast Deficit on the Council Tax Collection Fund as at 31 March 2023

Key Decision: CORP/R/22/02

Summary

The Cabinet considered a report of the Corporate Director of Resources which determined the council's tax base for domestic properties liable to pay council tax, which is an important component in the council's budget setting process for 2023/24 and to report on the estimated collection fund deficit as at 31 March 2023.

Regulations made under the Local Government Finance Act 1992 requires each billing authority to calculate its 'council tax base' for the following financial year.

The council tax base is a measure of the county council's 'taxable capacity', for the purpose of setting its council tax. Legislation requires the council to set out the formula for that calculation and that the tax base is formally approved by Cabinet.

In determining the council tax base for 2023/24 the following issues must be factored into the calculation:

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

- (d) Forecast impact on the tax base as a result of growth (i.e. new build) or reductions (e.g. demolitions or increases in the incidence of other council tax discounts and exemptions) for 2023/24; and
- (e) Provision for non-collection of council tax due to bad debts that need to be written off.

New house building has continued and there is a steady stream of new properties being added to the rating list, which is expected to continue into 2023/24.

Taking these matters into account the council tax base for the financial year 2023/24, based on the current position and prudent assumptions around the incidence of discounts and exemptions across the coming eighteen months plus prospects for new builds, has been calculated to be 145,675.9 band D equivalent properties, an increase of 1,980.10 (1.38%) on the council tax base for 2022/23.

In previous years the council has declared its council tax collection fund position for budget setting purposes based on the quarter two Collection Fund forecast and informed the two principal precepting bodies to the Collection Fund - County Durham and Darlington Fire and Rescue Authority and Durham Police, Crime and Victims' Commissioner – of the figures they will need to take into account next year.

As at 30 September 2022 the in-year position for the council tax collection fund is a forecast £0.211 million surplus. After taking into account the brought forward share of the 2022/23 deficit, the 2022/23 council tax collection fund is forecast to have a deficit of £2.378 million at 31 March 2023. Durham County Council's share of this deficit would be £2.001 million. The council will not however be declaring a final forecast outturn position for the council tax collection fund until later in the year, though the quarter two figures will be shared.

Decision

The Cabinet:

- (a) approved the council tax base for the financial year 2023/24 for the county, which has been calculated to be 145,675.9 band D equivalent properties;
- (b) noted the impact on individual Town and Parish council tax bases and the Local Council Tax Reduction Scheme grant allocations for the financial year 2023/24;

- (c) noted the forecasted council tax Collection Fund position at 31 March 2023, which will be updated and formally declared in January.

Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 September 2022 and Update on Progress towards achieving MTFP(12) savings

Summary

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

- (a) forecast revenue and capital outturn for 2022/23, based on the position to September 2022;
- (b) forecast dedicated schools grant and schools position as at 31 March 2023, based on the position to 30 September 2022;
- (c) forecast for the council tax and business rates collection fund position at 31 March 2023, based on the position to 30 September 2022; and
- (d) details of the forecast use of and contributions to earmarked, cash limit and general reserves in 2022/23 and the estimated balances that will be held at 31 March 2023.

The report also sought approval of the revised capital programme 2022/23, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided Cabinet with an update on progress towards achieving MTFP(12) savings in 2022/23.

During the last two financial years the council has faced unprecedented budget pressures as a consequence of the Covid-19 pandemic. Across that period the government provided significant additional funding to local authorities to ensure they were able to respond and manage the financial challenges faced.

In County Durham, the funding received more than offset the costs incurred, net of Covid-19 related underspending, over the last two years, but no further funding is available to the council to offset any legacy impacts arising from the pandemic.

In 2022/23 the council is facing a new financial challenge, mainly resulting from the impact of the Ukraine conflict. Consumer Price Inflation (CPI) in the UK economy is presently 10.1% and this is driving significant upward pressure

across a range of expenditure budgets. Some specific areas of council spending are well in excess of the current CPI level of 10.1%, especially in relation to energy, fuel, and external contracts where energy and fuel are a major factor, such as waste disposal and in home to school transport.

On 8 September 2022, the Government announced a package of measures to cap energy costs for households and businesses, with further detail published on 22 September 2022. The North East Purchasing Organisation (NEPO) has provided estimated outcomes based on known detail and this has been factored into the updated outturn position. The support to business is only for six months and therefore will only help alleviate some of the pressure experienced during 2022/23.

The risk arising from escalating inflation, which is also impacting household incomes, was recognised during the 2021/22 final outturn. On 13 July 2022 Cabinet agreed to the creation of a Budget Support Reserve of £10 million to assist with cost inflationary pressures in 2022/23.

In July 2022, Local Government Employers made an offer of a £1,925 flat rate increase to 'Green Book' employees (covering the vast majority of council employees). This offer, if accepted, equates to a 6.6% increase in the council's pay bill, whereas the 2022/23 budget has provision for up to 3.25%. This offer is presently being considered by trade unions through a consultative ballot. If settled at this level, this will add a forecast circa £6.5 million per annum to council costs in the current year.

On 23 September 2022, it was announced that the 1.25% increase in National Insurance & the Health and Social Care Levy, was being withdrawn from November 2022. This equates to an in-year saving in 2022/23 of circa £0.7 million.

At this stage it is not expected that local authorities will receive any additional financial support from the government in 2022/23 and will need to rely upon available reserves to finance any 2022/23 overspends. Of more concern at this stage is what the financial settlement may be for local government in 2023/24. Local authorities continue to be provided with one year financial settlements at this time, which provides little financial certainty and security and given the timing of these announcements in late December, provides little time to react before the following budget needs to be set.

On 5 October 2022, the government announced that the Fair Funding Review will be delayed and will not now be undertaken during this spending review period.

Inflationary pressures are resulting in significant overspends in 2022/23 and this is also resulting in additional forecast costs across the MTFP(13) planning period. The impact of inflation upon the MTFP(13) forecasts was reported to Cabinet in October 2022.

Based on the position to 30 September 2022 service grouping cash limit budgets are forecasting an overspend of £33.091 million this year. A sum of £8.294 million is available in general contingencies to part finance the pay award, resulting in a net cash limit overspend of £24.797 million.

Budget pressures in relation to areas such as energy, waste disposal and transport will be covered corporately. Sums covered corporately are forecast to be £11.912 million, resulting in a residual net cash limit overspend of £12.885 million for the year.

At quarter two, Children and Young People's Services are forecasting a cash limit overspend of £12.832 million (compared to a forecast £4.865 million reported at quarter one). The service does not have a cash limit reserve to offset this overspend so, as in previous years, this overspend will need to be financed from the General Reserve.

Overall, it is estimated that the council's 2022/23 budget will be overspent by £14.640 million, representing 2.83% of the net expenditure budget of £516.496 million. With the General Reserve financing the £12.832 million overspend in Children and Young People's Services, a sum of £53,000 is within the cash limit budgets with £14.587 million to be covered corporately. The £10 million Budget Support Reserve created to finance inflation related pressures in 2022/23 will be fully utilised leaving £4.587 million to be financed from the General Reserve resulting in a forecast end of year balance of £21.311 million. This is a further £0.139 million reduction in the forecast balance from the quarter one position reported in September 2022.

There are a wide range of assumptions that have been made in relation to expenditure and income over the remainder of the financial year. Cabinet will continue to receive quarterly reports on outturn forecasts throughout the year, with the next update due to be given in March 2023.

Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £44.915 million in 2022/23, from £235.529 million to £190.614 million. This compares to the position forecast at quarter one when reserves were forecast to reduce by £42.288 million in 2022/23, from £235.529 million to £193.241 million.

The forecast cash limit and general reserves position is still considered to be prudent given the financial uncertainties facing local government beyond 2022/23. The MTFP(13) report to Cabinet on 12 October 2022 highlighted the ongoing budget concerns for the council with a forecast savings requirement of £52.569 million over the 2023/24 to 2026/27 period (assuming the Fair Cost of Care outcomes can be accommodated within the grant funding to be provided), with £37.389 million falling into 2023/24 necessitating a forecast £25.536 million use of reserves to balance the budget next year.

To ensure budgets can be balanced whilst clarity is provided and to provide time to work up proposals to reduce expenditure to address the underlying budget position going forward, a review of all earmarked reserves is being undertaken to ensure that corporate reserves are in place to ensure that the council can set a balanced budget for 2023/24.

The updated forecast position for all maintained schools shows a forecast use of reserves of £12.637 million (£5.316 million above budget). This position has however improved from quarter one where schools were forecasting to require £17.673 million of reserves to balance the in-year financial position. In addition, the forecast position for Dedicated Schools Grant centrally retained block shows a £0.250 million deficit in relation to High Needs Block (this compares to a quarter one forecast underspend of a £0.205 million).

The updated projected capital outturn this year is £228.452 million, with the capital budget having been augmented with reprofiled budget from underspending against the 2021/22 capital programme.

In line with best practice, the report now includes performance against the various prudential indicators agreed by County Council in February, these are set out at paragraph 123 to 129 and show that the council continues to operate within the boundaries agreed.

The updated forecast outturn for the Council Tax Collection Fund shows an in-year surplus of £0.211 million, but a cumulative deficit of £2.378 million to 31 March 2023 after accounting for the deficit brought forward from 2021/22 and the third and final instalment of the phasing of the 2020/21 deficit (£1.907 million). Durham County Council's share of this net deficit would be £2.001 million. This is a slight deterioration in the position reported at quarter one.

The forecast outturn for the Business Rates Collection Fund is an in-year deficit of £4.679 million, but a cumulative deficit of £3.848 million after taking into account the 2021/22 undeclared surplus. Durham County Council's share (49%) of this is £1.886 million.

The in year business rates deficit, is offset in the General Fund by the receipt of additional Section 31 grants of £4.553 million. Once the Section 31 grant is taken into account, the quarter two position represents an improvement on the position previously reported.

The in year collection rates for both Council Tax and Business Rates has increased from 2020/21 and 2021/22 following the re-instating of full formal recovery action from June 2021, though are not yet back to pre-pandemic levels.

As at 30 September 2022 the council has delivered savings totalling £1.960 million, which is 81% of the £2.427 million savings target for the year.

Decision

The Cabinet:

- (a) noted the council's overall forecast financial position for 2022/23 and the continuing uncertainty associated with the outturn forecast resulting from the significant inflationary cost pressures and ongoing covid-19 impacts on income as set out in the report;
- (b) agreed the proposed 'sums outside the cash limit' and movement on general contingencies for approval as set out in the report;
- (c) agreed the revenue and capital budget adjustments outlined in the report;
- (d) noted performance against the various prudential indicators agreed by Council in February 2022;
- (e) noted the forecast use of earmarked reserves in year;
- (f) noted the forecast end of year position for the cash limit and general reserves;
- (g) noted the inflationary pressures which are forecast to be managed from the Budget Support Reserve and from the General Reserve;
- (h) noted the Dedicated Schools Grant and Schools position;
- (i) noted the position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (j) noted the amount of savings delivered to 30 September 2022 against the 2022/23 targets and the total savings that will have been delivered since 2011

Growing Up in County Durham Strategy 2023-25

Summary

The Cabinet considered a report of the Corporate Director of Children and Young People's Services and Chair of Children, Young People and Families Partnership Board to present Cabinet with the Growing Up in County Durham (GUICD) 2023-25 Strategy for endorsement.

The current Children and Young People's Strategy 2019-2022 comes to an end this year and is due for review.

The strategy is based on evidence about the needs of children and young people in County Durham, which can be found in a range of infograms available on Durham Insight at <https://infogram.com/1p626dwy190l56t5kvjly77rjei3njxk7gv?live>.

The strategy is also based on four strategic aims to better manage outcomes and reflecting the subgroup arrangements of the Children, Young People and Families Partnership Board (CYPFPB). The aims of the strategy are:

- (a) Making sure every child has the best start in life – even before they are born;
- (b) Making sure that all children are supported to be happy, healthy and safe to achieve their potential, and provide additional help when it is needed;
- (c) Making sure that children and young people with additional needs are supported throughout their childhood, teenage years and as they move into adulthood;
- (d) Making sure the services we provide are joined up, with children, young people and families/carers at the centre.

The wider context of Growing Up in County Durham is reflected in the strategy, including the impact of Covid-19, which covers young people's physical health, mental health and wellbeing and signposts to other strategies provided where common themes and issues are identified.

A strategy development group was established to oversee the development of the strategy, including the coproduction process and ensure a wide cohort of partners, VCS representatives, children, young people, families and carers were involved in its development.

Coproduction sessions took place with children, young people, parents and carers to develop the new GUiCD Strategy which is based on what is important to those who use and need community support and services as well as the wider population, focusing on strengths, rather than deficits.

Consultation has taken place throughout the development of the strategy at three key stages.

The strategy will be launched in early 2023 by our children and young people.

The new strategy will run from the start of 2023 until the end of 2025 to align with the timescales for the Joint Health and Wellbeing Strategy 2021-25 and the County Durham Place Based Commissioning and Delivery Plan 2020-25.

The strategy includes the delivery of Family Hubs, improved transitions from children's services to adult services, ensuring that all children and young people can participate in good quality learning and skills opportunities and improved communications with our children, young people and their families.

Decision

Cabinet endorsed the Growing Up in County Durham Strategy 2023-25.

Poverty Strategy and Action Plan

Summary

The Cabinet considered a joint report of the Corporate Director of Resources and Corporate Director of Children and Young People's Service which presented the revised Poverty Strategy and Action Plan for approval, following a consultation exercise undertaken April to August 2022.

The report presented the updated Child Poverty Action Plan as a separate document which focusses on addressing child poverty and is aligned with the wider Poverty Strategy and Action Plan.

At its meeting on 6 April 2022, Cabinet agreed to consult on a revised County Durham Poverty Strategy and Action Plan, which sets out a comprehensive response to the impacts poverty and its related issues are having on our residents across the county.

The Poverty Strategy and Action Plan aligns to and underpins the key aim of the County Durham Partnership Strategy: *Fewer people will be affected by poverty and deprivation in the county* and the priority theme of the Council Plan that *Durham has a thriving and inclusive economy with more and better jobs and fewer people suffering from the hardships of poverty and deprivation*.

The consultation, which commenced following the April cabinet meeting and lasted up to 25 August 2022 was aimed at reaching out to partners and key voluntary sector organisations to determine the council's approach to tackling the issues surrounding poverty and to develop an action plan which clearly sets out what will be done to address and reduce poverty across the county.

The consultation proposed four key objectives under the overarching vision of ***“to work together so fewer people will be affected by poverty and deprivation in the county”***. The proposed strategic objectives of the action plan are to:

- use intelligence and data to target support to low-income households;
- reduce the financial pressures on people facing or in poverty;
- increase individual, household and community resilience to poverty; and

- reduce barriers to accessing services for those experiencing financial insecurity.

The consultation asked a range of questions to determine if these objectives were the right ones; identify any gaps and to build on the work to ensure that the council's approach aligned with that of key partners; using their insight to determine the actions and outcomes which would result in the biggest impact on addressing poverty.

It is recognised that the Inclusive Economic Strategy is fundamental to opening up the routes out of poverty and will be key to ensuring communities are supported to thrive. Maximising money going into our local communities, job creation and supporting businesses to start up and grow are key determinants in terms of tackling systemic and generational poverty issues. The consultation on the Poverty Strategy and Action Plan was therefore undertaken in tandem with the consultation to develop the Council's Inclusive Economic Strategy.

The consultation was undertaken during a time of significant financial insecurity as the country continued its recovery from the impacts of the COVID-19 pandemic and then entered a period of rising energy, food, and other household costs, the 'cost-of-living crisis', due to the war in the Ukraine and resulting economic uncertainty. This situation, most recently compounded by soaring inflation and increased interest rates impacting on mortgage repayments has heavily influenced the context and feedback from the consultation exercise as both the council and its partners have experienced – and continue to see – increased demand for financial support/advice services. At the same time, our partner organisations have seen reduced donations and face challenges in relation to volunteering/recruitment.

Discussions and feedback have therefore heavily reflected the need to have strong mechanisms in place to support those experiencing immediate financial hardship – as well as focussing on the medium to longer term strategies to enable our households to have access to incomes which support them to have a decent quality of life.

The decision to extend the current Local Council Tax Reduction scheme in its current form, into 2023/24 will help to continue to provide essential assistance to those low-income households across the county in terms of their Council Tax liability. The council also continues to fund the Welfare Assistance Scheme through the core budget of £1m, which provides support for those in crisis, which this year has been supplemented with additional funding from the Welfare Assistance Reserve given the increased demand.

Through robust partnership arrangements and in line with its commitment to ensure a focussed, coordinated approach to tackling poverty, through the Poverty Action Steering Group and Child Poverty Working Group, the Council continues to communicate and offer a range of support and advice

mechanisms for Durham residents. The report provided an outline of those support mechanisms.

Feedback from the consultation exercise on the draft poverty strategy and action plan confirmed that the draft objectives presented to Cabinet in April were the right ones; the main changes resulting from the consultation are in relation to the action plan. The action plan has been updated to incorporate updated actions which reflect key areas of work both across the Council and through partners that were not reflected in the initial draft presented to Cabinet in April.

The Poverty Strategy and Action Plan sets out the council's intentions and provides details of the key mechanisms being deployed to reduce poverty across the county. This is an ever-changing landscape and actions and initiatives need to be informed by the current context and data/intelligence coming through from services and partner organisations; the Action Plan will therefore remain under constant review and subject to updates and monitoring through PASG.

Decision

The Cabinet:

- (a) noted the contents of the report;
- (b) approved the new Poverty Strategy and Action Plan 2022-2026;
- (c) endorsed the underpinning Child Poverty Action Plan; and
- (d) agreed to receiving annual updates on the progress of the new Poverty Strategy and Action Plan and Child Poverty Action Plan.

County Durham Local Development Scheme and Publication Draft Minerals and Waste Policies and Allocations Document

Summary

The Cabinet considered the report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on the Publication Draft Minerals and Waste Policies and Allocations Development Plan Document (M&WDPD) which supports the policies and provisions of the County Durham Plan which was adopted in October 2020. It also sought approval of a new Local Development Scheme (LDS) which sets out the timetable for the preparation of planning documents including the M&WDPD.

The County Durham Plan sought to ensure that County Durham is a successful place to live, work, invest and visit by focussing on supporting and creating vibrant communities. The Plan is a comprehensive document covering all aspects of planning however it only includes high level strategic

policies and allocations relating to minerals and waste. There is therefore a need to supplement those policies with more detailed development management policies and non-strategic site allocations in the M&WDPD.

The M&WDPD has been prepared in line with the latest guidance in the National Planning Policy Framework (NPPF), National Planning Policy for Waste (NPPW), the Planning Practice Guidance (PPG) and other relevant Government policies. The M&WDPD will be updated as necessary to reflect any changes to Government guidance as the document progresses.

Following the consultation on the Draft Plan in 2021 and discussions with internal and external stakeholders the content of the M&WDPD has been revised. It includes:

- Specific policies for a number of economically important minerals, not addressed by the strategic minerals policies of the County Durham Plan,
- Detailed minerals and waste development management policies, and
- Four allocations for minerals and waste development.

Regulations 18 and 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012 require a number of rounds of consultation. Once the final round of consultation is completed the M&WDPD will need to be agreed by Cabinet for recommendation to Full Council for submission to the Planning Inspectorate for an Examination in Public by an independent Inspector. Following adoption, it will form part of the statutory development plan for County Durham and will replace the remaining saved policies of the County Durham Minerals Local Plan (December 2000) and the County Durham Waste Local Plan (April 2005).

The new Local Development Scheme (LDS) sets out the timetable for the documents included in the report and estimated timescales for future documents.

Decision

The Cabinet:

- (a) Agreed the Local Development Scheme; and
- (b) Agreed the Publication Draft Minerals and Waste Policies and Allocations Development Plan Document for consultation for a period of 7 weeks from 28 November 2022 to 13 January 2023;
- (c) Agreed the supporting documents to the Publication Draft Minerals and Waste Policies and Allocations Development Plan Document which are:
 - Statement of Consultation;

- Site Assessment Document;
- Heritage Impact Assessment;
- Sustainability Appraisal;
- Habitat Regulations Assessment;
- Equality Impact Assessment.

Helen Lynch
Head of Legal & Democratic Services
18 November 2022