

DURHAM COUNTY COUNCIL

At a Meeting of **Cabinet** held in the Council Chamber, County Hall, Durham on **Wednesday 18 January 2023 at 9.30 am**

Present:

Councillor A Hoggood (Leader of the Council)

Cabinet Members:

Councillors R Bell (Deputy Leader of the Council), T Henderson, C Hood, S McDonnell, J Rowlandson, E Scott, A Shield, J Shuttleworth and M Wilkes

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 14 December 2022 were confirmed as a correct record and signed by the Chair.

3 Declarations of Interest

Councillor A Hoggood, Leader of the Council, declared an other relevant interest in Agenda Item No 10, Mainstream Primary and Secondary Funding Formula 2023/24 and would leave the meeting during consideration of this item.

4 Medium Term Financial Plan 2023/24 to 2026/27 and Revenue Budget 2023/24 (Key Decision: CORP/R/22/01)

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the development of MTFP(13), covering the period 2023/24 to 2026/27 and on the development of the 2023/24 revenue budget in the light of the Chancellor of the Exchequer's Autumn Statement in November and the provisional local government finance settlement published on 19 December 2022.

The report included updated financial forecasts, building on the figures previously considered by Cabinet in October 2022, together with the outcome

of the MTFP(13) budget consultation process (for copy of report see file of minutes).

In **Moving** the report Councillor R Bell, Deputy Leader and Portfolio Holder for Finance thanked the officers for the report which provided a comprehensive overview of the announcements made in the Autumn Statement in November and the provisional local government finance settlement published in December.

The updated figures in the report included provision for increased inflationary pressures including the impact of CPI and the national living wages increases next year which had a significant bearing on Adult Social Care contracts in particular. The cost pressures in Adults and Children's social care which were by far the largest budgets the Council had were enormous.

In overall terms the Council faced spending pressures of £81.9m for next year which included around £19.5m pressure for pay inflation with £7m of this relating to the shortfall in the current budget following this year's local government pay award.

The cost pressures from energy price inflation remained volatile but the budget provision remained in line with the figures factored into the October Cabinet report.

The Autumn Statement announcements and the local government Finance settlement which was better than expected including the additional council tax raising powers the Council had been provided with and the delay in the implementation of the adult social care reforms were all to be welcomed.

The additional funding being provided by the government next year where Durham would receive an additional £39.8m of funding plus the council tax raising powers would undoubtedly help to address the significant cost pressures being faced and in particular the additional £1.44m from government to enhance the council tax support funding was very welcome to those feeling financial hardship.

The financial modelling included in the report assumed the implementation of all savings that were set out in the October report to Cabinet and which had been subject to consultation and Councillor Bell thanked those who took part in the consultation exercise.

Should all the savings developed to date ultimately be agreed next month the total identified savings across the MTFP13 planning period would be £18.6m with £12.7m falling into next year.

The forecasts factored a council tax increase in line with the government's expectations where the council tax core referendum limit had been increased to 2.99% from next year and the adult social care precepting powers had an additional 2% next year and the year after. The clear expectation from government was that these additional flexibilities were taken. There was a strong recommendation from the Council's section 151 that these flexibilities were taken.

In **Seconding** the report Councillor A Hopgood, Leader of the Council reiterated that final decisions on the budget and Council Tax were to be taken at full Council on 22 February 2023.

The report built on the information considered by Cabinet in July and October and updated the financial forecasts for next year and beyond. It included the outcome of the consultation on the budget strategy and savings proposals that were set out in the October report and the outcome of the review of reserves that had been undertaken.

The report identified a number of necessary revisions to previous medium-term financial planning assumptions and built in updated forecasts for pay and price inflation and other unavoidable budget pressures in addition to the outcomes of the local government finance settlement and the Autumn statement.

While the updated MTFP forecasts were still extremely challenging the additional funding announced over the next two years allied with the increased council tax raising powers the Council had been given and the delay in the implementation of the social care reforms had reduced the scale of the challenge in terms of balancing budgets in the short term. However, the scale of the challenges faced in terms of the unavoidable cost pressures should not be understated.

There was a clear expectation from government that local authorities would take up the additional council tax raising powers given to them and there was significant uncertainty over the funding which would be received beyond 2025-26.

The updated forecasts show that even if the Council maximised its council tax raising powers over the next four years which it would still have a £41m shortfall to bridge over the next four years with £25.6m or this falling next year

While increasing the council tax was a decision that should not be taken lightly, not increasing council tax was not a sustainable or prudent strategy to adopt and would not be in line with the government expectations nor in line with the advice from the Council's s151 officer.

Resolved:

That the recommendations in the report be approved.

5 Bus Service Improvement Plan and Enhanced Partnership (Key Decision: REG/01/2023)

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which updated Cabinet on the region's Bus Service Improvement Plan and Enhanced Partnership Plan and Scheme. The report also provided detail on the required statutory consultation and sought approval from Cabinet to formally sign the Enhanced Partnership Plan and Scheme (for copy of report, see file of minutes).

In **Moving** the report Councillor E Scott, Portfolio Holder for Economy and Partnerships informed Cabinet that bus services were a lifeline to many of residents in County Durham, helping them get to and from their places of work schools or colleges and enabling them to access other essential services. This was why Durham played a key role in ensuring the inclusion of many work streams in the aspirational bus service improvement plan for the region. Councillor Scott was delighted that the region had received over £163m of indicative funding which was the largest indicative funding amount for any bus service improvement plan area.

While this did not cover the costs of full delivery of all of the north east proposals it would enable delivery of key work streams such as better value fares and improvements to bus services within County Durham which would provide significant benefits to both residents and visitors.

In **Seconding** the report Councillor J Shuttleworth, Portfolio Holder Rural Communities and Highways informed Cabinet that local bus service had been impacted by the pandemic and recent rising costs. It was therefore essential to see transformational bus services as the key part in achieving so many of the Council's corporate objectives which in turn supported the economy, the environment and communities.

Resolved:

That the recommendations in the report be approved.

6 North East Devolution

The Cabinet considered a report of the Chief Executive which provided a summary of the discussions with Government and the LA6 Councils relating to devolution in County Durham; and information relating the opportunities and impact of a devolution deal on County Durham.

The report covered consideration of a County devolution deal option and also a devolution deal for the North East Region covering Durham, Gateshead, Northumberland, North Tyneside, Newcastle, South Tyneside and Sunderland local authority areas.

The report also provided details of the 'minded to' deal that had been announced by the Secretary of State; and explained the legislative process that underpins the delivery of the LA7 deal, including a Governance Review, Governance Scheme and consultation (for copy of report, see file of minutes).

Councillor A Hopgood, Leader of the Council informed Cabinet that several questions had been received from Members and these would be taken in the order they were received.

Councillor C Hunt

It's been stated in the press that Durham will be missing out on transport money in this devolution deal. Please can the Cabinet Member explain what money will be available to Durham and how it compares to a County deal.

The Leader of the Council thanks Councillor Hunt for the question and provided the following response:

'The simple fact is that Durham is protecting and enhancing its position relating to long term transport funding and it is not the case that the County is missing out on transport money as has been suggested.

The approach to transport funding for level 3 devolution deals is different between Mayoral Combined Authority deals and County deals. For Mayoral Combined Authority deals the Government has allocated £5.7bn under the City Region Sustainable Transport programme however this funding is not available in County deals.

In the LA7 deal a total of £563m transport funding is identified under the CRSTS and this lasts until 2027. With the exception of £147m funding which is unallocated the remainder will be allocated across the seven local authorities for local investment. In Durham this amount will be £86m for the period until 2027. The £147m was negotiated by the LA6 authorities prior to Durham joining the deal and as such is available to them until 2027. After that date and for the remaining 27 years of the LA7 deal, Durham will have access to any similar transport funds that the Government allocates to the North East Mayoral Combined Authority.

A County deal would not include CRSTS funding and would only include the local transport funding for the County as identified above. This is borne out

by the fact that the three recently announced County deals in Cornwall, Norfolk and Suffolk did not include CRSTS.

In other words if Durham were to pursue a County deal then it would in fact miss out on the ability to access long term CRSTS funding, however in stark contrast by being a member of the North East Mayoral Combined Authority the County is in a much better position and is able to access long term regional transport funding for 27 years out of the 30 year deal.'

Councillor J Quinn

Can Cabinet please explain how transport funding will work in the new devolved authority? What stays the same, what changes and what's new? How would I progress a bid for capital spending for the Leamside line into Ferryhill?

The Leader of the Council thanked Councillor Quinn for the question.

'I refer Cllr Quinn to the reply on funding that has been given in relation to a question from Cllr.Hunt.

In addition, in a new NEMCA the Mayor and Cabinet will take over the responsibilities of the Joint Transport Committee that currently covers regional transport priorities for the LA7 area and includes members from each local authority. It is anticipated that the current arrangements for the delivery of local transport services and maintenance will be carried out by the County Council under similar arrangements that the Council has with the Joint Transport Committee.

The scheme at appendix 5 provides the powers for business as usual in local transport services to be maintained in the new NEMCA arrangements.

Local members will still be able to raise and support transport infrastructure projects. It is worth noting that the regionally significant Leamside Line is referenced on four occasions in the minded to deal and is also included in the regional transport strategy adopted by the region in 2021.'

Councillor J Blakey

Would Cabinet please confirm that under this deal the seven council leaders and the elected mayor will each have equal 1/8th votes in decision making?

The Leader of the Council thanked Councillor Blakey for the question and provided the following response.

'The information contained in the scheme, which is at Appendix 5 in the Cabinet report, confirms that there are 8 full (and equal) voting members of

the Cabinet. The 8 are the elected Mayor and the representatives of each of the seven North East constituent member authorities.

The Mayor will chair the Cabinet however the chair has no additional casting vote.'

Councillor E Adam

- a) What are the cost comparisons of an elected County Deal Leader/Mayor's Cabinet and NEMCA?
- b) What are the estimated allowances for an elected Mayor and their Deputy Mayor; 10 cabinet members and a Political Advisor?
- c) What additional increases in Council tax will our residents be expected to pay for the NEMCA precept?
- d) What additional increases in business rates will Businesses contribute to fund NEMCA infrastructure investment?
- e) How and when will the Remuneration panel be appointed?

The Leader of the Council thanked Councillor Adam for his questions and provided the following responses.

- a) What are the cost comparisons of an elected County Deal Leader/Mayor's Cabinet and NEMCA?

'During discussions and also in making comparisons between a county and LA7 deal there was no detailed work undertaken for the costs of running the devolution deal in either scenario. This was not a material consideration in making a comparison between types of deal as historically with devolution deals the running costs of the Mayoral Combined Authority or the additional costs to the County Council would be met from the revenue funding provided by Government in the deal itself. Paragraph 42 of the 'minded to' deal explains how the running costs of the NEMCA will work. 'The costs of the North East Mayoral Combined Authority will be met from the overall resources of the authority, including any new resources secured by the combined authority following the agreement of this deal. To support the combined authority in its early stages, the government will provide £1 million in capacity funding in 2023/24 and 2024/25, once the establishing legislation is made and the Assurance Framework confirmed with government. Any future capacity funding will be subject to spending reviews, in line with arrangements for other devolution deals.' Although a county deal was not concluded the recently announced County deals in Cornwall, Norfolk and Suffolk contain similar wording.'

- b) What are the estimated allowances for an elected Mayor and their Deputy Mayor; 10 cabinet members and a Political Advisor?

'At this stage, no estimates have been produced for these costs and this will evolve as the detailed implementation work develops over the coming months and annual budgets for the new combined authority are established. This is in line with arrangements in other devolution deals that have been agreed.'

We understand that in all cases the salaries of the Mayors and associated running costs for their office are matters of public record and this same level of transparency will take place in the North East.'

c) What additional increases in Council tax will our residents be expected to pay for the NEMCA precept?

'As I have covered earlier the overall running costs of the NEMCA will be met from the revenue funding provided by Government in the devolution deal.'

I would not expect there to be any additional increases in council tax for any residents within the LA7 region through a mayoral precept for the reasons I have previously stated - in that all costs can be met from the revenue funding provided by Government.'

d) What additional increases in business rates will Businesses contribute to fund NEMCA infrastructure investment?

'Ultimately any decision to increase business rates in an area will be one for the Mayor and new Combined Authority – there is no automatic assumption that business rates will be increased and it is important to note that the investment fund and other funding streams provide funds for infrastructure investment.'

As set out in the Scheme, The Mayor will have the "power" to raise a business rate supplement to fund infrastructure. Should the Mayor wish to seek such a supplement then the approval of the Cabinet of the North East Mayoral Combined Authority is required and the Mayor is required to consult and ballot the business community on the matter.'

e) How and when will the Remuneration panel be appointed?

'Decisions on how the Independent Remuneration Panel will be appointed have not yet been taken, however it is likely that the implementation process will see some shadow governance arrangements being put in place. If this is the case, then those shadow arrangements (which will involve all seven councils) will enable the panel to be appointed so that the NEMCA can consider the Panel's report and findings in relation to any remuneration matters.'

Councillor D Sutton-Lloyd

Would we have access to the Trailblazer scheme if we went for a County Deal?

The Leader of the Council thanked Councillor Sutton-Lloyd for the question and provided the following response

‘The trailblazer status was not included in County deal discussions. This initiative first announced in the Chancellor’s Autumn budget, is focused on the larger Mayoral Combined Authorities and only two; Greater Manchester and the West Midlands were identified as trailblazers. Trailblazer status was not offered in any County Deal discussions and is not included in any of the three recently announced County deals in Cornwall, Norfolk or Suffolk.

The ‘minded to’ deal at appendix 3 in the Cabinet report confirms at paragraph 11 that “the Government and North East will commence negotiations on trailblazer provisions which deepen and enhance the powers in this Deal in early 2023, drawing on the arrangements in Greater Manchester and West Midlands when concluded, with a view to these powers being in place as soon as possible after the first election in May 2024.’

Councillor P Jopling

Could you confirm that had we gone for a County only deal, this would require the creation single elected Mayor for County Durham.

As a unitary authority this person I believe would have had control of the entire council budget and not just devolved powers.

Would that mean that potentially they would be able to anything they wish, so for example a County only mayor could have even moved us to monthly bin collection with no way for elected councillors being able to stop them?

The Leader of the Council thanked Councillor Jopling for the question and provided the following response.

‘The Cabinet report is clear that a county devolution deal at level 3 requires an elected Mayor (or Leader) for the County Council. This was confirmed to the Council, in writing, by the Secretary of State.

The elected Mayor would have responsibility for all of the executive functions of the Council, in other words those decisions and responsibilities that are currently discharged by the Council’s Leader and Cabinet. It is for the Mayor to decide how to discharge this responsibility and this could be by taking direct personal responsibility for all executive decisions or alternatively the

Mayor could appoint a cabinet of their own choosing with specific portfolio responsibilities.

The Mayor could not do anything they like as there are some functions that are the Council's responsibility. It is however, true to say that the Mayor's powers in relation to executive decisions would be significant and would require the abolition of the current leader/cabinet arrangements. The Mayor would also have the responsibility of overseeing the delivery of the devolution deal. This is a key different between a County Deal and a regional deal. In a regional deal there are no changes at all to Durham County Council's decision making processes. An elected Mayor is a governance model that is untested within a large unitary county council and places so many risks upon the County Council. It is therefore one that the leadership cannot support.'

In **Moving** the report Councillor A Hopgood, Leader of the Council informed Cabinet that while there were many differing views on devolution, what was clear was that more and more deals were being rolled out across the country and doing nothing means Durham would be left behind other parts of the country. This was not something that could be allowed to happen.

The report set out a clear rationale for taking forward a wider Regional LA7 deal which brought more opportunity for increased investment, wider default powers and a significant voice with national government for the county and the region going forward. A regional deal kept control of existing Council services at a local level and did not require any changes to the way the council was set up. A county deal requirement for a directly elected mayor in a unitary Council like Durham would mean control of all local services and devolution being under the control of one person. This was an untested approach and was not the case in any other type of devolution.

Durham already worked with colleagues in the region on many cross-cutting issues, most recently during Covid, to help to coordinate a consistent response in local communities.

Durham also worked together on strategic transport issues across the LA7 area through the joint transport committee which brought together all seven councils on transport matters. A devolution deal across the region would allow Durham to work even more closely together on the main transport issues affecting local communities and the wider region. Being part of a wider regional deal allowed Durham to have access to future additional transport funding and this opportunity was not available in a county deal.

The regional devolution deal would be one of the biggest ever agreed serving a population of 2 million people across the region. The investment fund was also significant at £48m per annum totalling £1.4bn over the life of the deal. The deal would also see adult education budgets totalling £1.8bn and

significant Regional Transport Funding and investment for housing and regeneration allocated to the region.

It was expected that the deal would create 24,000 extra jobs, deliver 70,000 courses per year to give people the skills to get good jobs and leverage in £5bn of private sector investment.

The regional LA7 deal had the backing of business community leaders and key stakeholders in County Durham and across the region.

In **Seconding** the report Councillor R Bell, Deputy Leader and Portfolio Holder for Finance echoed many of the Leader's comments.

In discussions with three Secretaries of State the message had always been that to achieve big investment money Durham would need to join with others in a regional authority. The preference for a regional deal was confirmed in a letter from Simon Clark on 7 October who reiterated the view that Durham joining the wider north east deal was likely to result in a more generous share settlement than if Durham secured their own mayoral county deal.

The report set out clearly the reasons why a regional LA7 deal was preferred. It provided more opportunity for investment, deeper devolved powers and speedy access to even more devolved powers through Trailblazer status which was normally only afforded to those areas who had already demonstrated their credentials.

Councillor A Shield, Portfolio Holder for Equality and Inclusion, Councillor J Shuttleworth, Portfolio Holder for Rural Communities and Highways, Councillor E Scott, Portfolio Holder for Economy and Partnerships, Councillor J Rowlandson, Portfolio Holder for Resources, Investment and Assets, Councillor S McDonnell, Portfolio Holder for Digital, Customer Services and Procurement, Councillor M Wilkes, Portfolio Holder for Neighbourhoods and Climate Change, Councillor C Hood, Portfolio Holder for Adult and Health Services and Councillor T Henderson, Portfolio Holder for Children and Young People's Services all spoke in support of the proposed LA7 devolution deal.

Resolved:

That the recommendations in the report be approved.

7 Future of County Council Allotments

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which considered a range of allotment policy and procedure changes, building on work and recommendations from

the Environment and Sustainable Communities Overview and Scrutiny Committee (ESCOSC) in January 2020.

The report also provided updated countywide policy and tenancy agreements for consideration and provided an update on Durham County Council allotment service (for copy of report, see file of minutes).

In **Moving** the report Councillor J Rowlandson, Portfolio Holder for Resources, Investment and Assets informed Cabinet that the report presented a positive, coherent and strategic way forward for the Council's allotment service. Councillor Rowlandson thanked the Members, both past and present, of the Environment and Sustainable Communities Overview and Scrutiny Committee for their efforts in the production of the report.

In **Seconding** the report Councillor M Wilkes, Portfolio Holder for Neighbourhoods and Climate Change informed Cabinet that the report brought an important and fresh approach to the allotment service for the benefit of tenants and associations alike.

Resolved:

That the recommendations in the report be approved.

8 Sufficiency and Commissioning Strategy for Looked After Children and Care Leavers 2022-2024

The Cabinet considered a report of the Corporate Director of Children and Young People's Services which provided an Executive Summary in relation to the new Sufficiency and Commissioning Strategy for Children Looked After and Care Leavers 2022-24. The Strategy outlined the sufficiency position at a point in time, providing local intelligence and data and identified a series of key priorities and actions which would improve the council's overall sufficiency of placement provision for children and young people who can no longer live with their family (for copy of report see file of minutes).

In **Moving** the report Councillor T Henderson, Portfolio Holder for Children and Young People's Services informed Cabinet that the Council had a statutory duty to take steps to secure sufficient accommodation for the children it looked after in the County as far as it was reasonably practicable to do this. The Strategy had been developed with overarching objectives which would address gaps in provision and would seek to broaden and make improvements to the Council's sufficiency in the County.

In **Seconding** the report Councillor C Hood, Portfolio Holder for Adult and Health Services informed Cabinet that the report explained the actions proposed to allow the meeting of statutory duties.

Resolved:

That the recommendations in the report be approved.

9 Acquisition of property for use as Children's Homes

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and Corporate Director of Regeneration and Economic Growth to expedite the acquisition process and enable fair competition with other buyers when purchasing properties for use as children's homes and to increase the delegated authority to Officers for acquisition of property for use as children's homes (for copy of report see file of minutes).

In **Moving** the report, Councillor T Henderson, Portfolio Holder for Children and Young People's Services informed Cabinet that Durham, like all council's, was challenged by the lack of suitable homes for children in care. The acquisition of property for use as Children's Homes would help the Council to meet increasing demand for service.

In **Seconding** the report Councillor J Rowlandson, Portfolio Holder for Resources, Investments and Assets welcomed the work across different Services to seek to improve the way new Children's Homes were progressed and shorten timescales where this was feasible.

Resolved:

That the recommendations in the report be approved.

Councillor A Hopgood, Leader of the Council vacated the Chair and left the meeting.

Councillor R Bell in the Chair

10 Mainstream Primary and Secondary Formula Funding 2023/24

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which provided an overview of the forecast Dedicated Schools Grant School Block and proposed local formula for allocating funding to individual schools in 2023/24, with the proposal that the council continues to align the local mainstream primary and secondary formula funding in 2023/24 with the National Funding Formula (NFF) (for copy of report see file of minutes).

In **Moving** the report Councillor T Henderson, Portfolio Holder for Children and Young People's Services informed Cabinet that the report set out details of the funding being made available to County Durham's mainstream primary

and secondary schools in the next year and the proposed formula for the allocation of funding to individual schools.

In **Seconding** the report Councillor R Bell, Deputy Leader and Portfolio Holder for Finance welcomed the additional £1.1bn of funding nationally being provided by government to core school funding next year and the additional £1.5bn being allocated through the mainstream skills additional grant in 2023/24.

Resolved:

That the recommendations in the report be approved.