



Corporate Overview and Scrutiny Management Board

Date **Wednesday 7 September 2022**
Time **9.30 am**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

**Items during which the Press and Public are welcome to attend.
Members of the Public can ask questions with the Chair's agreement.**

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meetings held on 17 June 2022 and 7 July 2022
(Pages 3 - 26)
4. Declarations of Interest
5. Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 1 - 2022/2023 - Report of the Head of Legal and Democratic Services (Pages 27 - 30)
6. Regulation of Investigatory Powers Act 2000 - Annual Review of the Council's use of powers - Report of the Head of Legal and Democratic Services (Pages 31 - 38)
7. 2021/22 Final Outturn for the General Fund and Collection Fund - Report of the Corporate Director of Resources (Pages 39 - 98)
8. Resources - Revenue and Capital Outturn 2021/22 - Report of the Corporate Director of Resources (Pages 99 - 114)

9. Medium Term Financial Plan(13), 2023/24 to 2026/27 and Review of the Local Council Tax Reduction Scheme - Report of the Corporate Director of Resources (Pages 115 - 156)
10. Update in relation to Petitions - Report of Head of Legal and Democratic Services (Pages 157 - 172)
11. Notice of Key Decisions - Report of Head of Legal and Democratic Services (Pages 173 - 182)
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
30 August 2022

To: **The Members of the Corporate Overview and Scrutiny
Management Board**

Councillor C Martin (Chair)
Councillor C Lines (Vice-Chair)

Councillors E Adam, A Batey, R Charlton-Lainé, J Charlton, I Cochrane, J Cosslett, B Coult, R Crute, J Elmer, O Gunn, P Heaviside, L Hovvels, J Howey, A Jackson, P Jopling, L Maddison, R Manchester, C Marshall, B Moist, K Shaw, M Stead, A Surtees and M Wilson

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DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Friday 17 June 2022 at 9.30 am**

Present:

Councillor C Martin (Chair)

Members of the Committee:

Councillors E Adam, A Batey, B Coult, R Crute, J Elmer, O Gunn, P Heaviside, C Hood, A Jackson, P Jopling, B Kellett, C Lines (Vice-Chair), R Manchester, C Marshall, B Moist, E Peeke, K Shaw, M Stead and A Surtees

1 Apologies for Absence

Apologies for absence were received from Councillors R Charlton-Lainé, J Charlton, I Cochrane, J Cosslett, L Hovvels, J Howey, L Maddison and M Wilson

2 Substitute Members

Councillor B Kellett for L Hovvels and Councillor E Peeke for J Howey

3 Minutes

The minutes of the meeting held on 31 March 2022 were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

There were no declarations of interest.

5 Council Plan 2022-2026

The Board considered a report of the Corporate Director of Resources that considered the draft updated Council Plan, covering the period 2022-2026 before it was submitted for consideration and approval by Full Council in June 2022 (for copy see file of Minutes).

The Corporate Scrutiny and Strategy Manager advised that the Vision for County Durham 2035 was developed together with partner organisations and the public and set out what we would like the county to look like in 15 years'

time. The Vision for County Durham was structured around three ambitions, namely:

- (i) More and better jobs
- (ii) People live long and independent lives
- (iii) Communities are well connected and supportive of each other

The Corporate Scrutiny and Strategy Manager informed the Board that the refreshed Council Plan 2022 – 2026 has been structured around five objectives, capturing the three ambitions in the Vision for County Durham:

- (i) Our economy – capturing the more and better jobs ambition
- (ii) Our people – capturing the long and independent lives ambition
- (iii) Our communities – capturing the connected communities ambition
- (iv) Our environment – capturing the council's priorities around the climate emergency and our zero carbon ambitions
- (v) Our council – capturing corporate ambitions

Councillor Marshall enquired as to how performance management was fed into the plan and how we held people to account. He did not feel that the council articulated what success would look like so that communities could understand. The Corporate Scrutiny and Strategy Manager assured the Board that performance indicators were crucial, that they could be quantified and had ambitious targets set against them. Members were involved via the various committees.

Councillor Crute asked how effectively we promoted the Council. For example, the re-purposing of the DLI had not mentioned actively the new History Centre at Mount Oswald's which would bring together for the first time the collections and County Record Office. He would have expected to see something in the foreword of the Council Plan. He said that we should be honest about what the DLI will be and where the collection will be available. He asked that a verbal update be given at Council so that we could promote every aspect of what was happening and how proud we were of it. The Corporate Scrutiny and Strategy Manager confirmed that the plan would be approved at full Council and would be subject to any amendments. The History Centre would be included in the new plan from September onwards.

Councillor Elmer said how important it would be for the council to build upon its cultural offer especially for the economy, and he also welcomed the inclusion of the ecological emergency. He asked for a more explicit explanation going forward in terms of carbon measurements and emissions.

Councillor Surtees asked for some clarity around the equality objectives and where the policy around it would sit in relation to the Council Plan. The Corporate Scrutiny and Strategy Manager explained that it was integrated into the overall objectives framework. Reference was made to the equality

policy within the plan but it was not duplicated. He would add a link in the Council Plan to that particular policy.

Councillor Gunn said that there were wider issues for the County and not just Durham City in terms of the City for Culture work. There were a number of larger towns across the County but she asked that the smaller towns and villages, which were steeped in culture and heritage, were also included in any plans. She added that the recent events for the Jubilee showed how proud residents were.

Councillor Gunn suggested that with regards to performance indicators, what success looks like could be underlined. The Corporate Scrutiny and Strategy Manager agreed that he could build upon that for high level performance indicators and involve scrutiny.

Resolved:

That the content of the draft Council Plan 2022 – 2026 be noted.

6 Poverty Strategy and Action Plan

The Board considered a report of the Corporate Director of Resources that provided an update on the work of the Poverty Action and Strategy Plan to ensure there was a coherent and co-ordinated strategic approach, both within the council and across our partners to address poverty across County Durham. The Board were also asked to note the approval Cabinet gave to consult on a revised County Durham Poverty Action Plan which set out a comprehensive response to the impacts of the wide-ranging poverty issues within the county (for copy see file of Minutes).

The Head of Transactional and Customer Services informed the Board that since the previous update in December 2021 an action plan was developed to underpin the key objectives:-

Objective 1: Use intelligence and data to target support to low-income households

Objective 2: Reduce the financial pressures on people facing or in poverty

Objective 3: Increase individual, household and community resilience to poverty

Objective 4: Reduce barriers to accessing services for those experiencing financial insecurity

She further advised that a consultation was underway with all key partners, including the 14 Area Action Partnerships and feedback would come back to committee following the conclusion of the consultation.

Councillor Jopling expressed her concerns regarding the take up of free school meals as for some children this could be their only hot meal of the day. With the increase in the cost of living this would only get worse. She asked how we reached those people and how we could find those families to offer help and support. The Head of Transactional and Customer Services advised that a separate Child Poverty Action Plan would be addressing those points in more detail with Public Health picking up that are of work. She agreed that we needed to break down the barriers around the stigma and reason not to chose free school meals. A working group had been set up which would look at this in detail.

Councillor Batey asked for more frequent reports back to this board as it was an evolving situation which would only get worse. She referred to young people accessing transport to rural areas for school. With the ever increasing costs in fuel she asked if any alternatives were being looked at to ensure these children in rural areas could get to school as not all families could afford their own transport or taxi fares. The Head of Transactional and Customer Services would ensure regular reporting and advised that there was an annual review for school transport which would go to Cabinet around November.

Councillor Elmer said that as a resident the effort and signposting was a positive one. He was also concerned around the stigma of taking up free school meals. He went on to express his concerns about house building and planning major developments, all of which were pushing costs of energy up. The Head of Transactional and Customer Services noted the comments.

Regarding Child Poverty, Councillor Gunn believed that the situation was only going to get worse and stressed the importance of consulting with the key people. Paragraph 54 of the report referred to a school representative on the partnership and she added that schools were the key regarding the consultation. They understood the child, the family and were doing work to address child poverty. The Head of Transactional and Customer Services took on board those comments and said that the Child Poverty Action Plan would be reported to Cabinet. She would pull the two plans together to give an overarching picture and would give clarity on what was trying to be achieved. The Child Poverty Action Plan was undergoing a separate consultation which would include schools.

Touching on a point made earlier in the meeting, Councillor Coult asked how we ensured we reached those people that were vulnerable, especially those who did not leave the house to visit the library or GP surgeries. The Head of

Transactional and Customer Services welcomed an ideas on how to reach those people. There had been a recent refresh of the leaflet and commented that bus shelter campaigns has worked well.

Councillor Peeke commented that school staff would know who these vulnerable families were.

Councillor Jackson also commented that the school would also be missing out on the free school meal precept. He also suggested that leisure centres would be a good place to place the leaflets. The Head of Transactional and Customer Services replied that the pupil premium for schools was an area that would be looked at as part of the working groups remit.

Councillor Adam referred to the number of low paid/low skilled jobs within the County with many families on lower than minimum wage. He asked what could be done in the area to attract highly paid workers in highly skilled jobs with training in place for young people. He believed this was a key area to tackle in line with the Economic Strategy. The Head of Transactional and Customer Services would feedback with those comments.

Councillor Hood commented that the press report an increase in demand for public transport for people travelling to work and asked if long journey times were having a detrimental effect on people if they were choosing to use public transport to get to work and education. The Head of Transactional and Customer Services reported that work was ongoing with colleagues in Regeneration Economy and Growth around this.

Referring to transport Councillor Marshall said that this was huge issue as well as broadband connections. He was aware that some people in the county did not go out to leisure centres, GP surgeries or schools and as referenced earlier in the meeting this needed addressing. Since austerity in 2010 this had caused a barrier for some families and removed opportunities for them to engage. He had not met anyone who wanted to be poor, with no home, no job and no means to feed themselves or their family. The resources of the County had suffered due to Brexit and had we remained in the EU, he believed we would have continued to receive funding. He felt very passionately about tackling the resource issue and asked that the Board write to government explicitly about the poverty in County Durham and the tax system disadvantages faced by the residents. The Head of Transactional and Customer Services said that it was important to discuss how we tackled resources effectively. Colleagues in housing and crisis teams were working together to look at the wider issues both internally and with partners. She also reported that there were groups held within the LGA and DWP as to how support future development.

Going back to the take up of free school meals Councillor Surtees was concerned about those families who did not qualify but were in work poverty, due to years of austerity and who were now cash poor. These families did not qualify for benefits and she asked what could be done for those people. Councillor Surtees also believed that there should be an HR implication for this report. The Head of Transactional and Customer Services said that Area Action Partnership discussions had found that some families that usually managed OK had suffered during COVID and furlough schemes. The aim was to help those families either in terms of financial support but also with mental health and wellbeing. She advised that Household Support Funding goes direct to schools where they can help to identify and support families.

Councillor Gunn said that local voluntary agencies were invaluable and often knew how to reach vulnerable people. She stressed that schools did a fantastic job in dealing with free school meal uptake and added that universal credit had also had an impact on these families. The Head of Transactional and Customer Services advised that discussions were ongoing with the DWP in relation to universal credit.

In relation to funding Councillor Crute said that it was available but that it was important to ensure it got to where it was most required but this needed political will. He suggested that the eligibility for free school meals should be extended to every child which would in turn boost pupil premiums and would feed into the local economy. He recommended that contact be made with the government office to relay all of the points made here and that this was having an adverse impact in the County.

The Head of Legal and Democratic Services advised that scrutiny committees could write to the Secretary of State or could be presented to full Council as a motion.

Councillor Crute asked that all issues raised be collated, that the Secretary of State be contacted by letter and that this should be raised at full Council in July. Councillor Batey seconded that.

Resolved:

- (i) That the contents of this report and the revised Poverty Strategy and Action Plan for wider consultation and engagement with partners and stakeholders be noted;
- (ii) That a further report would be brought back to Cabinet following that consultation to update the Poverty Strategy and Supporting Action Plan in line with that feedback, be noted; and
- (iii) That a letter be sent to the Secretary of State giving feedback.

7 Medium Term Financial Plan(13), 2023/24 - 2026/27 Scrutiny Role in Development of Savings Options

The Board considered a report of the Corporate Director of Resources that provided an update on the development of the 2023/24 budget and the Medium Term Financial Plan (MTFP(13)), the consultation process with Corporate Overview Scrutiny Management Board (COSMB) and role for thematic scrutiny committees to consider options for efficiency savings and income generation opportunities in their service areas to support the budget (for copy see file of Minutes).

The Head of Corporate Finance and Commercial Services delivered a presentation which highlighted the following:-

Development of MTFP(13)

- The initial MTFP(13) forecasts will be presented to Cabinet on 13 July 2022
- MTFP(13) will cover the four year period 2023/24 to 2026/27
- The forecast savings shortfall is expected to increase significantly from the forecasts include in MTFP12 due to the impact of inflationary impacts upon the council's budget and continued demographic pressures in Children's Services
- Savings options need to be developed over the coming months to ensure the council can set a balanced budget for 2023/24 if, as expected, there is insufficient resources generated from council tax and government grant increases to meet the unavoidable cost pressures we will face
- It is hoped that additional funding will be provided to the sector by Central Government but it is expected that this will not be clarified until the draft local government financial settlement is received in December 2022

Scrutiny Role in Development of MTFP(13)

- Corporate Overview and Scrutiny Management Board will continue to have a strategic overview of the whole MTFP(13) process
- It is recommended however that thematic scrutiny committees consider options for efficiency savings and/or opportunities for generating additional income within their thematic service areas
- This will provide the opportunity for thematic scrutiny committees to play an important role in the development of the MTFP(13) and help to attain a broader understanding of the services within their remit
- Any proposals put forward by thematic scrutiny committees will be considered by Cabinet for inclusion in MTFP(13) to assist in balancing budgets for 2023/24 and beyond

Proposed Process to Developing Savings Options

- Thematic scrutiny committees receive quarterly reports on budgetary control and service performance – this is a rich source of data
- In discussions during finance briefings with Members previously there has been a wide range of potential opportunities for efficiencies and income generation discussed
- The proposed process will provide an opportunity for these options to be considered and tested further
- Thematic scrutiny committees may wish to set up Task and Finish groups to consider options for savings
- The Task and Finish Groups may wish to produce a range of high level options they would wish to consider Cabinet to consider or may wish to carry out some of their own research into a small number of areas utilising resource from service areas and finance to support such work
- If significant work is generated by the process consideration may need to be given to reprioritising other planned scrutiny work to ensure that support teams have the capacity to meet all requirements

Timeframes

- It must be recognised that any detailed research into specific budget areas may take a number of months and would be unlikely to identify savings to support the 2023/24 budget setting process
- At the same time savings options could be identified to support future years' budgets
- If higher level options are submitted to Cabinet for consideration for the development of the 2023/24 budget they would be required by the end of November 2022
- Thematic scrutiny committees are requested to limit the number of budget areas to be looked at in detail as it must be recognised that this work would be a major drain on services whilst they are developing broader savings plans

Before opening up to questions the Chair reminded Members that this was about the scrutiny process into the MTFP and not a discussion about the MTFP.

Councillor Crute queried the level of input as Cabinet made the decisions and scrutiny were now asking to identify areas for cuts. He asked for caution when looking at efficiency savings by thematic scrutiny committees. The Head of Corporate Finance and Commercial Services re-iterated his point that scrutiny committees would not be looking at cuts or the Councils priorities but it was about more efficient savings and raising extra income. Councillor Crute said that it was the way this would be perceived as there was no difference in terms of cuts and efficiency savings. The Head of Corporate Finance and Commercial Services replied that this was about looking at income regeneration and efficiency savings and providing the opportunity for this to be considered by each thematic scrutiny committee.

The Chair advised that it would be for each thematic committee on how to deal with this through their own work programme.

Councillor Stead believed that this was an opportunity to press for more money and investment opportunities and that we should be more ambitious. Housing problems in County Durham persisted and selling off land to housing developers needed to be looked at. The Head of Corporate Finance and Commercial Services advised that any income generated through property and land would be a capital receipt. The Council's own housing company Chapter Homes provided reports to Cabinet on their developments. Should a scrutiny committee want to explore in more detail about housing then this would be an option.

Councillor Jopling said that she would not be looking for cuts but for waste and the regeneration of money and trying to generate more income by selling our services. The Head of Corporate Finance and Commercial Services agreed that the Council do sell services but needed to be mindful of stretching the current cohort of staff.

Councillor Marshall commented that this was a public service not a business and that we should ensure that everything we do has a benefit to the public we served, not just about making money. He said that saving money meant cutting services and queried why this was on the agenda. He asked if Cabinet members would be invited to the thematic scrutiny meetings to advise on what realistically could be looked at. He thought that it was important to hear direct from the Cabinet portfolio holder. He urged caution that scrutiny were not responsible for setting policy and budget cuts.

Councillor Stead seconded Councillor Marshall's suggestion to invite Cabinet portfolio holders to the meetings.

The Chair clarified that it would be up to each thematic scrutiny committee on how to proceed.

Councillor Jackson said that this report was inviting councillors to have more say and input and should not be seen in a negative light. It was about looking at the financial implications and each committee would have their own ideas based on their work programme to look at opportunities.

Councillor Shaw could not see why scrutiny should be accountable for any cuts and that he was not here to act as Cabinet and therefore could not support this report.

Councillor Crute said that care would be required if each thematic committee were dealing with this in their own way. He believed that the scrutiny function was to scrutinise decisions made by Cabinet. At least by inviting

Cabinet portfolio holders members would hear directly about that service area and the intentions around efficiencies.

The Chair again reiterated his point that it would be up to each thematic scrutiny committee on how to proceed and who to involve.

Councillor Crute said that if the decisions had been passed to scrutiny then this should be followed through and any decisions made should be set by a clear process.

The Head of Corporate Finance and Commercial Services clarified that if consideration of service cuts were not to be part of any discussions but this did provide an opportunity to identify efficiency and income options. As a result there could be savings identified or a greater understanding as to how things worked. There could be a small number of focused pieces of work and an opportunity for discussions about efficiencies or areas of interest.

As chair of the Environment and Sustainable Communities Overview and Scrutiny Committee Councillor Coult said that this was an opportunity to have a greater input and thanked the chair for not dictating how each committee should deal with it. She said that this would have an impact on the work programme and was an opportunity for a positive step.

Councillor Moist found the move a positive one and could not see the need to formalise it. He added that decisions would still be made by Cabinet and officers would still produce the reports. He saw this as a scrutiny exercise that would give some recommendations, where, possible, and give an opportunity to look at certain areas. As Chair of the Economy and Enterprise Overview and Scrutiny Committee he looked forward to the portfolio holder attending those meetings.

Councillor Batey was struggling to understand this way forward as it was Cabinet who made decisions on efficiency savings. She commented that portfolio holders rarely attended scrutiny meetings and she was concerned that this would overload the work programme. She went on to say that this process should already be happening with officers providing detailed reports and scrutiny having the opportunity to raise any concerns. Councillor Batey said that she would not want to step on the toes of Cabinet and could not see the point in formalising this.

Councillor Gunn agreed with Councillor Batey in that scrutiny had always had the opportunity to look at this. She felt very uncomfortable with this report and recommendations as believed that the public would see efficiency savings as cuts.

Councillor Jopling said that this would allow a more open door approach with Cabinet and the decision was for each chair of the thematic scrutiny committees to agree to.

Councillor Moist added that this was an exciting opportunity for scrutiny and he did not envisage any extra work, just a different way of working.

Councillor Adam commented that this gave an opportunity for individual members to have a view on how things could be done slightly differently. He was dubious as to how £30 million of efficiency savings would be met and said that some ground rules should be set as each scrutiny committee doing things differently would result in chaos.

The Head of Corporate Finance and Commercial Services clarified that it was up to chairs and vice chairs to be sensible at what to ask for and that financial staff would be attending each meeting. He added that discussions with the portfolio holder on specific areas would be helpful but it was not to question the portfolio holder on savings, as that was the role of Cabinet.

Councillor Surtees commented that she always had an open door whilst serving on the Cabinet. She added that scrutiny had always had an opportunity to suggest efficiency savings but it did not need to be formalised. She re-iterated the point made that it was not scrutiny's role to make these decisions but to hold the Cabinet to account.

The Chair referred back to a recommendation from Councillor Marshall which was seconded by Councillor Stead on inviting Cabinet members to each thematic scrutiny committee.

Councillor Marshall said that it was important that Cabinet members engaged from the start and to share their views. He added that it would be helpful to have a question and answer session with them and hear their plans for income regeneration.

Upon taking a vote, 10 were in favour, 7 were against and there was 1 abstention. It was therefore agreed that Cabinet portfolio holders were invited to attend the thematic scrutiny committees.

Resolved:

- (i) That the ongoing overarching role of COSMB in reviewing and assessing the councils approach to the development of MTFP(13) be noted; and
- (ii) That the role for thematic scrutiny committees in developing options for efficiency savings or income generation opportunities which could contribute to closing the forecast £29.987 million savings shortfall across the MTFP(13) period be noted.

8 Refresh of the Work Programme 2022/23 for the Corporate Overview and Scrutiny Management Board

The Board considered a report of the Corporate Director of Resources which provided the updated work programme for 2022/2023 (for copy see file of minutes).

Resolved

That the report be noted.

9 Durham County Council Headquarters Alternative Options Assessment

The Board considered a report of the Corporate Director of Resources that provided an opportunity to comment on Cabinet's report of 27 April 2022 on options for the location of the Council's Headquarters functions and use of its estate should the Council not occupy the Sands site in Durham City (for copy see file of Minutes).

The Chair reminded members that they could not make reference to any of the information contained in the Part B report to Cabinet.

The Head of Corporate Property and Land reported that Cabinet at its meeting in April considered a report setting out the disposal of the newly constructed building on the Sands site in Durham City. The report also contained options for an alternative Headquarters and office accommodation and considered strategic employment site proposals for Aykley Heads. Cabinet subsequently agreed to dispose of the newly constructed building at the Sands site in Durham City to Durham University Business School and agreed an alternative Headquarters and office accommodation option.

Referring to a recent online meeting, Councillor Kellett said that he had raised the question about the new County Hall being for sale or out for tender. With a buyer lined up he believed that it was always the intention to sell to the University. He asked why the Council had accepted the lowest price offer instead of going out to competitive tender. The Head of Legal and Democratic Services advised that tender was only one way in which to ensure best value. The Head of Corporate Property and Land added that prior to Cabinet's decision a land valuation had been carried out to determine the potential market value. It was found that this was significantly less than the capital receipt the Council would receive from the University.

The Chair noted Councillor Kellett's objections.

Councillor Adam stated that he found it difficult as a scrutiny member to scrutinise the decision when all of the information was in Part B. He believed the detail to make comment when no information was publicly available.

Councillor Gunn said that the public were not aware of any actual costs involved in this decision and she found it frustrating that she was unable to answer any of their questions about it.

The Head of Legal and Democratic advised the Board that the report members were referring to was exempt under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. She added that it was legitimate for the Council to protect its interests and that as we were in the middle of a contract discussion the risk analysis would impact on the Council's ability to deliver the project at best value. It was accepted practice for the information not to be public at this stage.

Councillor Marshall also commented that it was difficult to make any comments as there was no business case and no proposed costings. The Head of Legal and Democratic Services clarified that it was the view of the S151 officer, the Statutory Scrutiny Officer and the External Auditor, as well as her own as Monitoring Officer that the information remains in Part B at this stage.

Councillor Marshall commented that this was not what the public would expect and would be alarmed at the level of detail and risk. With proposals to occupy land at Aykley Heads he believed this would affect the opportunity to generate income on that site, putting public sector jobs where private sector jobs should be. He also believed that private business would not want to be on site next to Council staff and buildings. The opportunity for the Council to build on the current County Hall, making it into a Business Park would have afforded £1.7 million in business rates and an opportunity to change the economy. The Head of Corporate Property and Land advised that the report did recognise the importance of the site and as mentioned in earlier reports it was envisaged to offer alternative sites for development for the private sector. She added that the informal conference facilities were a dualled feature and were attractive to the market.

Councillor Marshall believed that taking up two plots on the Aykley Heads site had a detrimental impact to creating jobs in the area. The Head of Corporate Property and Land replied that Business Durham had advised that the type of businesses that were looking for premises were more of an industrial nature and so did not reflect the need to occupy office space at Aykley Heads.

Referring to the information contained in the Part B report, Councillor Hood asked when this information could be shared. The Head of Legal and

Democratic Services advised that this would depend on the facts. In some instances the exemptions may be lifted as we went through the process. This would be reviewed on a case by case basis.

Councillor Hood responded that whatever could come out in the public domain would at the appropriate time. His response to his residents would be that the Council was looking for the best deal and in order to do that only some information could be shared.

Referring to paragraph 10 of the report 'Scrutiny's role is to scrutinise decisions of the executive, to hold them to account and make recommendations on policy development and implementation', Councillor Batey said that she could not consider the report when she did not have the detail to do so, and added that she did not feel that this was an open and transparent report.

Councillor Martin had offered the opportunity of a question and answer session with the Board members.

Councillor J Elmer left the meeting at 12.20 pm

Councillor Jopling had not agreed to the previous decision to place the new County Hall at the Sands and felt that the sale to the University would benefit Durham's students. She added that she did not see the problem in relocating the Council offices to Aykley Heads.

With regards to the new ways of working Councillor Jackson said that it was not unfair or unreasonable to review that and should be suitable for all of our needs. He believed that to disclose any exempt information at this stage would be premature and reckless and agreed that the information would be disclosed at the appropriate time. He added that Aykley Heads was not the only site in County Durham that could offer potential development and investment.

The Head of Corporate Property and Land reported that she had looked at the office market and the impact of new ways of working throughout COVID and developed a strategy that was fit for future purpose. She concluded that the Cabinet report showed an alternate strategy which would not have a detrimental impact on Aykley Heads and any impact would be mitigated. She added that the report gave a lot of information on the methodology used. A lot of sites were visited and research was carried out, paragraph 41 of the Cabinet report showed the methodology assessment.

Councillor Peeke noted that the Council were extremely fortunate to sell the building at a profit.

Councillor Marshall left the meeting at 12.30 pm

Councillor Surtees commented that there was an ample supply of good properties and strategic priority sites. She was concerned about the potential rise in homes of multiple occupation if the student numbers increased.

Councillor Peeke left the meeting at 12.35 pm

Councillor Batey asked how she could perform the role on the Management Board in future when information was not available. She also commented that the move back to four council buildings was a step backwards from becoming a unitary when everyone came under one umbrella building.

Councillor Kellett left the meeting at 12.40 pm

Councillor Gunn could not understand why it was an issue for the Council to occupy prime land in the City, as it was not considered so for the University.

The Chair clarified that the Board could not control what decisions Cabinet made and that only certain sections of that report were available for comment by this Board. He agreed that officers had given sound reasons for certain information not being available at this time.

Resolved:

That comments on the outcome of the options appraisal report considered by Cabinet at its meeting on 27 April 2022 be noted.

**10 Request for Call-in - Durham County Council Headquarters
Alternative Options Assessment**

The Board considered a report of the Head of Legal and Democratic Services that advised of a request for call-in of a cabinet decision, and of the decision made by the Chair of the Board not to call-in the decision (for copy see file of Minutes).

Resolved:

That the report be noted.

11 Notice of Key Decisions

The Board considered a report of the Head of Legal and Democratic Services which listed key decisions which were scheduled to be considered by the Executive (for copy see file of Minutes).

The Head of Legal and Democratic Services advised that new to the plan were the following:

- Pathways Positive Journeys Future Direction
- Levelling Up Round 2
- City of Culture Governance

Resolved:

That the content of the report be noted.

DURHAM COUNTY COUNCIL

At a Meeting of **Corporate Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Thursday 7 July 2022 at 1.30 pm**

Present:

Councillor C Martin (Chair)

Members of the Committee:

Councillors E Adam, A Batey, J Charlton, J Cosslett, B Coult, O Gunn, P Heaviside, C Hood, L Hovvels, J Howey, A Jackson, P Jopling, C Lines (Vice-Chair), R Manchester, K Shaw, M Stead and M Wilson

1 Apologies for Absence

Apologies for absence were received from Councillors R Charlton-Lainé, I Cochrane, R Crute, J Elmer, L Maddison, C Marshall, B Moist and A Surtees

2 Substitute Members

There were no substitute members.

3 Declarations of Interest

There were no declarations of interest.

4 Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 4 - 2021/2022

The Board considered a report of the Head of Legal and Democratic Services which provided an update on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during the quarter 4 to ensure that it is being used consistently with the Council's policy and that the policy remained fit for purpose (for copy see file of Minutes).

Resolved:

- (i) that the quarterly update for the period covering quarter 4 2021/22 be noted
- (ii) That the powers are being used consistently with the Council's policy and that the policy remains fit for purpose.

5 Quarter Four, 2021/22 - Performance Management Report

The Board considered a report of the Corporate Director Resources (Interim) which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlighted key messages to inform strategic priorities and work programmes for Quarter 4, January to March 2022 (for copy see file of Minutes).

The Head Transformation, Planning and Performance advised that performance had already been reported via the thematic committees however the report provided details of performance relating to:

- More and Better Jobs
- Long and Independent Lives
- Connected Communities
- An Excellent Council and;
- The impact of COVID-19

The report further provided details of the overall position and direction of travel in relation to quarter one performance and the actions being taken in service areas to address areas of underperformance including the significant economic and well-being changes because of the pandemic.

Councillor Batey referred to paragraph 11 of the report and with the high demand for business premises she had concerns about the high occupancy rates and the impact that would have on future sites. The Head of Transformation, Planning and Performance was aware that there was a pipeline of projects and how this would be followed through to meet the future demand for sites but would follow this up with the service.

With reference to paragraph 14 about the City of Culture Bid, Councillor Batey asked for some clarity around the 'runner up' funding of £125,000 as she had been informed that it was up to the partnership to administer the grant. She was advised that this would be clarified with the service.

Councillor Hovvels made a number of comments and asked if there were reasons for the increase of the use of libraries during the pandemic, what support was given to faith groups who were proactive in taking over buildings and delivering projects within the community. She also asked how the Ukrainian families could be supported in the local community such as helping with access to computers and transport.

In response the Head of Transformation, Planning and Performance advised that the Ukrainian refugee work was being led by officers who had dealt with the Syrian Refugee Programme and he confirmed that they would be looking at how to provide that broader support. With regards to libraries he advised

the demand had begun to normalise following the pandemic. Referring to the change of use of buildings he would pass those comments onto the service.

Councillor Gunn referred to paragraph 26 of the report regarding anti-social behaviour (ASB) which was a cross-cutting issue and asked how this was being dealt with. She did have concerns that we had enough staff in the ASB team dealing with some very complex issues. She also asked that with home schooling, safeguarding should be mentioned in the report, as making sure the child was secure, safe and healthy was just as important as the educational side. Referring to paragraph 28 of the report on the shared prosperity fund and DurhamWorks, she asked about the timescale for funding and how it was being used to ensure value. Finally she referred to paragraph 41 of the report about the new civic headquarters and asked about the timescale for development, in particular the construction and the habitation of staff.

In response the Head of Head Transformation, Planning and Performance reported that the ASB team were aware of the current issues on the ground and they worked very closely with the Police and local co-ordinators. This would be followed up at the relevant OSC committee. He agreed that home education was about the quality of care being provided and would pass those comments on to the service. He added that the Corporate Director of Children and Young People's Services was aware of the numbers and was drilling down into this information. With regards to the shared prosperity fund he reported that it was a three year funding programme with less money than what was received through EU funding. However, he added that there was no requirement for match funding. Moving on to the HQ question he informed the Board that plans were being reviewed to determine where staff would relocate, with the possibility of some staff working from home on a permanent basis. Numbers were being looked at together with the future requirements of the estate. He advised that the plan was to demolish County Hall and develop on that land as soon as possible. It was envisaged to complete this review work by the end of the year.

Councillor Adam referred to Councillor's Batey's earlier point about the grant for the City of Culture and that it was also included in the Partnership report later in the agenda. He asked for some clarity around that. He went on to ask about how many families had moved here and were being supported from the Ukraine and if this could be provided in a future report. He also asked for a further report on the shared prosperity fund in terms of the impact this had had on the Council and if it had related in performance reduction. Finally he had expected to see some comments within the performance report about the impact of Brexit for the Council.

In response the Head of Transformation, Planning and Performance advised that the quarter four report would include more detail about the Ukrainian

refugee numbers. He advised that the Economy and Enterprise OSC would pick up detail on the shared prosperity fund in future reports, looking at funding streams and match funding opportunities. With regards to Brexit he said that this was a huge piece of long term work which was broader than the performance report.

Coming back to the point about Ukrainian refugees Councillor Howey asked who was looking after our residents who were acting as host families and helping them to access support. She was advised that this work was following the same principles already in place with the Syrian refugee programme. He would report back to the tam about concerns raised around the host families finding themselves out of pocket to ensure they could access the help and support required.

Councillor Jopling enquired as to the money allocated from the shared prosperity funding compared to the EU funding and was advised that over seven years EU funding had been £150 million. The shared prosperity fund had received approximately half of that for the first three years.

With reference to paragraph 60 of the report regarding rough sleepers Councillor Jopling was concerned that a low number of people were being found and assisted. She was advised that the figures were received from the Housing Solutions Team and could be picked up by the relevant committee to look at the detail around this. It was recognised that this was a complex area whereby some people did want to accept any help.

Councillor Hovvels commented that it was important to capture information for further reports on the host family support for refugee families.

On answering a question from Councillor Gunn the Head of Transformation, Planning and Performance advised that the Poverty Action Plan would be reported through this Board including detail around the financial support available.

Resolved:

That the content of the report be noted.

6 Customer Feedback Report, Year End update, 2021/22

The Board considered a report of the Corporate Director Resources which provide an overview of information collected from the council's customers to describe their experiences of using our services over the last 12 months, to the period ending 31 March 2022, compared to the same period in the previous year (for copy see file of Minutes).

The Strategic Manager (Customer Relations) reported feedback on the following areas:-

- an overview of contact through our Customer Services team,
- a summary of customer satisfaction outcomes through completed surveys and compliments received,
- a selection of customer suggestions and their outcomes,
- an overview of comments relating to our policies, procedures, and decision-making,
- our performance in dealing with complaints (both statutory and non-statutory corporate complaints), and
- recent developments that enhance the customer experience.

Referring to the number of complaints being made about communication, Councillor Howey asked why this area was not showing any signs of improvement, as the same information was reported time and time again. The Strategic Manager said that this was a challenging area due to the Energy Rebate scheme which was continuing to cause increased levels of contact.

Councillor Jackson commented about the new CRM system integration and that the majority of complaints were about people not receiving the response they wanted or an appropriate response. He asked if there was a way to have a system in place to ensure officers did reply. The Strategic Manager reported that with a new CRM in place could offer opportunity to have more information in place but she agreed that it did come with challenges due to the number of systems in use.

Councillor Batey expressed her concern that nothing seemed to change with a high proportion of complaints being upheld. She added that a lot of people could not get through by telephone or were kept on hold for a long time. With the rise in the cost of living this was worrying as could put people off telephoning in. The Strategic Manager advised that individual services would look at the levels and reasons of complaint. She acknowledged that it had been difficult for people to get through during the pandemic as work was done to set up telephony teams at home but it was hoped to see improvements and change with this issue across most services.

Councillor Gunn left the meeting at 2.45 pm

Referring to the surveys, Councillor Jopling was concerned that the Area Action Partnership (AAP) results were low. She felt that residents still did not know about AAPs. She had found the levels of return overall low and asked that a better way of engaging with the public be looked into. The Strategic Manager agreed that a system that was more engaging would be looked into.

Councillor Stead referred to paragraph 28 of the report regarding the number of telephone contacts made of 1.4 million and was concerned as to the affect of those high levels on staff. He expressed concern at the CRM system and asked when the deadline for the new system was. The Strategic Manager confirmed that the figure was correct and that it was for contacts made to all services. She could not provide any further information regarding the deadline.

Councillor Batey commented that the new CRM system was ready to roll out pre-covid but as roles had changed and further improvements had been identified to the system this had caused some delays. She was aware that it was still being trialled. She suggested that a call back option/ voicemail would help alleviate any pressures on members of the public having to keep trying to get through or being on hold, especially with the rise in costs.

Councillor Jackson said that a fit for purpose system was required for the organisation and a simple message to people saying 'we have received your call, here is your case number and someone will get back to you' would be an improvement.

Further to a question from the Chair it was confirmed that this was on the work programme for this Board, and he suggested that to tighten up the timeline was added.

Resolved:

That the content of the report be noted.

Councillor M Wilson left the meeting at 3.00 pm

7 County Durham Partnership Update

The Board considered a report of the Corporate Director of Neighbourhoods and Climate Change that provide an update on issues being addressed by the County Durham Partnership (CDP). The report also includes updates on other key initiatives being carried out in partnership across the county (for copy see file of Minutes).

The Partnerships Team Manager went on to provide a detailed presentation, which highlighted that whilst the scale of the coronavirus pandemic was still impacting services across County Durham, partnership work continued and had done so throughout the pandemic. It furthermore highlighted it importance in supporting the voluntary and community sector with work helping to prevent widening of health and wellbeing inequalities and improving outcomes for local people in line with the County Durham Vision.

Councillor M Stead left the meeting at 3.10 pm

Referring to paragraphs 20-23 of the report, Councillor Batey asked what the £125,000 would be used for, who was on the board and who would administer that funding, as there was no clarity around it. She was concerned that communities throughout County Durham should receive an equal share. The Partnerships Team Leader advised that the lead was the Culture Durham Partnership and that scrutiny involvement would align with the Economy and Enterprise thematic committee. Councillor Batey asked who sat on the board and asked for clarity and how reports were referenced in future. In response she was advised that this area of work was led by Visit County Durham and she would report back to the Councillor with further information.

Councillor K Shaw left the meeting at 3.12 pm

Resolved:

That the report be noted.

8 Overview and Scrutiny Annual Report 2021/22

The Board considered a report of the Corporate Director of Resources that presented the Overview and Scrutiny Annual report 2021/22 for comment and approval prior to submission to the County Council meeting in September 2022 (for copy see file of Minutes).

The Interim Democratic Services Manager provided information on activity by both COSMB and the five thematic Overview and Scrutiny Committee's work programmes, which included in-depth and light touch reviews, monitoring of performance management and budgetary reporting. The report reflected the work undertaken by all overview and scrutiny committee members throughout 2021/22 and included detail on the statutory scrutiny roles with health and crime and disorder. Reference was made to the Ecological Emergency Response Plan being merged with the Climate Emergency Response Plan. This was following the recommendation by Environment and Sustainable Communities OSC to declare an ecological emergency.

Resolved:

That the report be noted

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**Corporate Overview and Scrutiny
Management Board**

7 September 2022



**Report on the Council's use of powers
under the Regulation of Investigatory
Powers Act 2000 - Quarter 1 - 2022/23**

Report of Helen Lynch, Head of Legal and Democratic Services

Purpose of the Report

1. To inform members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during the period 1 April 2022 and 30 June 2022 (quarter 1) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

Executive summary

2. This report provides an update of the activity for quarter 1 of 2022/23 for Durham County Council in exercising its use of powers under RIPA for Directed Surveillance (DS) and Covert Human Intelligence Surveillance (CHIS).
3. The Council's Senior Responsible Officer is satisfied that the Council's use of its powers under RIPA during quarter 1 is consistent with the Council's policy and that the policy remains fit for purpose.

Recommendation

4. It is recommended that Members:
 - i. Receive the quarterly report on the Council's use of RIPA for the period covering quarter 1 2022/23.
 - ii. Resolve that the powers are being used consistently with the Council's policy and that the policy remains fit for purpose.

Background

5. The Regulation of Investigatory Powers Act 2000 (RIPA) enables local authorities to carry out certain types of surveillance activity provided that specified procedures are followed.
6. Directed surveillance is covert surveillance that is not intrusive and is carried out in relation to a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person (other than by way of an immediate response to events or circumstances such that it is not reasonably practicable to seek authorisation under the 2000 Act).
7. The Local Authority is able to rely upon the information obtained from those surveillance activities within court proceedings.
8. This report gives details of RIPA applications that have been authorised during the quarter 1.

Quarter 1 Activity

- 9 During quarter 1 there were no directed surveillance and no CHIS applications presented to the Court.
- 10 For information the comparison of authorisations granted for the previous year in quarter 1, there was one authorisation for directed surveillance and one CHIS authorisations linked to the same operation.

Background papers

- None.

Contact: Kamila Coulson-Patel

Tel: 03000 269674

Appendix 1 - Implications

Legal Implications

The Council's objective is to make lawful and appropriate use of surveillance techniques where required whilst complying with the provisions of the Human Rights Act 1998, in particular the provisions of Article 8 of the ECHR securing respect for an individual's (qualified) right to privacy. Quarterly oversight by the board helps secure this objective.

Finance

Not applicable.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Climate Change

Not applicable.

Human Rights

Use of investigatory powers potentially engages the Human Rights Act 1998 and in particular the qualified right to private and family life under article 8 of the European Convention. This right may only be interfered with in circumstances where it is necessary and proportionate to do so in pursuit of the public interest. Oversight by the Board of the Council's RIPA operations is designed to facilitate compliance with the Human Rights Act.

Crime and Disorder

The appropriate use of an oversight of RIPA powers will enable the Council to provide evidence to support appropriate prosecutions and tackle crime.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

An individual may complain to Investigatory Powers Tribunal that surveillance has been unlawful and if found to be unlawful could result in financial penalties and reputational damage.

Procurement
Not applicable.

**Corporate Overview and Scrutiny
Management Board**

7 September 2022



**Regulation of Investigatory Powers Act
2000 – Annual Review of the Council’s
use of powers**

Report of Helen Lynch, Head of Legal and Democratic Services

Purpose of the Report

1. To inform Members about the Council’s use of its powers under the Regulation of Investigatory Powers Act 2000 (‘RIPA’) during the period of 1 April 2021 to 31 March 2022.
2. To inform Members of any changes to the legislation, policy or other developments in respect of the Council’s use of its powers under RIPA.

Executive Summary

3. The Regulation of Investigatory Powers Act 2000 (RIPA) enables local authorities to carry out certain types of surveillance activity provided that specified procedures are followed.
4. Directed surveillance is covert surveillance that is not intrusive and is carried out in relation to a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person. Directed surveillance must be authorised in accordance with RIPA unless it is undertaken by way of an immediate response to events or circumstances (for example, an Officer on duty observes an offence being committed) such that it is not reasonably practicable to seek authorisation under the 2000 Act.
5. Local authorities are permitted to conduct Directed Surveillance in respect of criminal offences, which have a minimum sentence of six months imprisonment or related to underage sales of alcohol and tobacco or nicotine inhaling products.
6. A Covert Human Intelligence Source (CHIS) is a person who establishes or maintains a personal or other relationship with another person for the covert purpose of:

- (a) Using such a relationship to obtain information, or to provide access to information to another person, or
 - (b) Disclosing information obtained by the use of such a relationship or as a consequence of such a relationship.
7. The relationship is used covertly if, and only if, it is conducted in a manner calculated to ensure that the person is unaware of its purpose.
 8. The Local Authority is able to rely upon the information obtained from those surveillance activities within court proceedings.
 9. The report sets out an overview of the Council's use of its powers under RIPA for the period of 1 April 2021 to 31 March 2022. including updates on training and a review of the policy.

Recommendation

10. It is recommended that the Corporate Overview and Scrutiny Management Board:
 - a. Receive the annual report on the Council's use of powers under RIPA.

The Council's use of RIPA between 1 April 2021 to 31 March 2022

11. For the period reported, 1 April 2021 to 31 March 2022, there were 2 directed surveillance authorisations and 3 CHIS authorisations.
12. All of the operations are subject to ongoing investigation and therefore it is not possible to provide an update in respect of any consequent enforcement or prosecution activity at this stage. However, a summary of the operations is set out below.

Operation 22 June 2021

13. This authorisation related to the sale of illicit tobacco products at a retail premises in County Durham. It was granted on 22 June 2021 and was cancelled in accordance with the legislation on 10 September 2021. The authorisation was for both directed surveillance and CHIS.
14. Officers from the Trading Standards Team conducted an inspection of the premises in May 2021 . A search found illicit pouches of hand rolling tobacco, which failed to meet legal requirements relating to health warnings and some products failed to be in the plain green standardised packaging.
15. In June 2021, a test purchase operation was undertaken at the premises. The test purchase officer was sold a quantity of tobacco. Upon examination, it was found that the product did not comply with the requirements for standardised packaging or combined health warnings.
16. The offences subject to investigation are under the following legislation:
 - Standardised Packaging of Tobacco Products Regulations and the Tobacco and Related Products Regulations 2015 which carry a maximum sentence of an unlimited fine or up to 2 years' imprisonment,
 - Proceeds of Crime Act 2002 carry maximum sentences of up to 14 years' imprisonment.

Operation 13 December 2021

17. This authorisation was granted 13 December 2021 and was cancelled on 11 January 2022. The authorisation was for CHIS only.
18. Intelligence was received that an internet commercial profile was selling autographed collections which did not appear to be genuine.

19. The collections were advertised in vast quantities with signatures from actors, musicians and sports stars. Certificates of Authenticity were said to be sold with the collections.
20. A covert human intelligence source (CHIS) was authorised to be deployed to instigate a test purchase situation. An attempt was made to purchase an autographed item that was then be examined for authenticity of the signature by an expert in the field.
21. The possible offences relate to:
 - Fraud Act 2006 carrying a maximum sentence of up to 10 years' imprisonment.
 - Consumer Protection from Unfair Trading Regulations 2008 carrying a maximum sentence of up to 2 years' imprisonment and/or an unlimited fine.
 - Proceeds of Crime Act 2002 carrying a maximum sentence of up to 14 years' imprisonment.
22. The operation was cancelled and it was recorded that the deployment of the CHIS was invaluable in the investigation and facilitated test purchases of items believed to be fraudulent, which are being examined for authenticity.

Operation 22 December 2021

23. This authorisation was for both directed surveillance and CHIS which was authorised by the Court on 22 December 2021. The directed surveillance was cancelled on 11 March 2022 and the CHIS cancelled on 23 March 2022.
24. The operation related to the sale of illicit tobacco products at a business premises within County Durham. Intelligence also suggested that tobacco products were being sold to children.
25. A test purchase operation was undertaken at the premises in September 2021. The Officer was sold what are believed to be counterfeit cigarettes. It also believed that the cigarette packet features a registered trademark used without authorisation. The products do not conform with the standardised outer packaging and combined health warnings.
26. Offences under consideration relate to:

- Fraudulent trading under the Companies Act 2006 carries a maximum sentence of an unlimited fine and/or up to 10 years' imprisonment.
 - Trade Marks Act 1994 carry maximum sentences of an unlimited fine and/or up to 10 years' imprisonment.
 - Standardised Packaging of Tobacco Products Regulations 2015 and the Tobacco and Related Products Regulations 2015 carry maximum sentences of an unlimited fine and/or up to 2 years' imprisonment.
 - Proceeds of Crime Act 2002 carry maximum sentences of up to 14 years' imprisonment.
27. Following the evidence gathered as part of the operation, further lines of enquiry are being explored as part of an ongoing investigation.

RIPA Officers Group.

28. The RIPA officer group have continued to meet on a quarterly basis with a defined work programme and schedule including the review of the Corporate Guidance, in house practices and training to officers undertaking this work.

Training

29. The Investigatory Powers Commissioners Office, which oversees the use of covert surveillance by designated public authorities, places a high value on training. Members of the RIPA Officers group received training from an external provider in March 2020. Further training from an external provider. is scheduled to take place in 2022/23.
30. In addition to training delivered externally, the RIPA monitoring officer and Senior Responsible also delivered induction sessions to two authorisation officers.

Annual Statistical Return

31. The Investigatory Powers Commissioners Office (IPCO) annually requests a statistical return for each authority (the return). Each return covers activity for one calendar year: 1 January to 31 December 2021.
32. IPCO is required by law to gather statistical data from all public authorities on their use of Investigatory Powers available to them under the relevant legislation, including:
- Investigatory Powers Act 2016 (IPA);
 - Regulation of Investigatory Powers Act 2000 (RIPA);

- Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA); and
 - Police Act 1996 (PA).
33. IPCO also collects statistics on other areas where IPCO has an oversight responsibility. This and the information gathered in the annual statistical return informs the IPCO annual report and (with some exceptions) is intended to be published in the IPCO annual report. Some data collected as part of the statistical return may also be used to inform an inspection and wider oversight process.
34. The request for the 2021 return was made on 7 December 2021 and was submitted in advance of the 31 January 2022 deadline. The statistics are collated by the Investigatory Powers Commissioners Office (IPCO).

Inspection

35. The last annual report for 2021/22 recorded the outcome of the IPCO inspection, which was undertaken on 16 December 2020. This Inspector interviewed the Senior Responsible Officer and undertook a desktop inspection of the Council's Policies and Procedures and audited a number of directed surveillance and CHIS applications. The Inspector was satisfied that the Council had discharged the recommendations from the inspection in February 2018 and that the Council's RIPA arrangements were robust. Accordingly, no formal recommendations were made.
36. The Inspector did however make the following good practice recommendations: The Council is recommended to:
- 1) Review the safeguarding obligations in the relevant Code of Practice for any powers used by your authority.
 - 2) Ensure that internal safeguard policies for retaining, reviewing and disposing of any relevant data are accurate and up-to-date.
 - 3) Ensure that the authorising officer for your authority has a full understanding of any data pathways used for RIPA or Investigatory Powers Act 2016 (IPA) data.
 - 4) Ensure that all data obtained under IPA and RIPA is clearly labelled and stored on a data pathway with a known retention policy.

- 5) Review the wording of safeguards in any applications to obtain data under IPA and RIPA and ensure that they accurately reflect the retention and disposal processes at your authority
 - 6) Review whether data obtained under previous authorisations is being retained for longer than is necessary and, if appropriate, consider disposing of retained data.
37. The RIPA Officers group has reviewed the Council's retention periods for documentation obtained under RIPA/the IPA and the retention period for all such documentation has been standardised at 6 years. The relevant wording in applications has been updated accordingly. The RIPA Officers are all aware of their obligations to store data appropriately and ensure that records are periodically reviewed in accordance with the Council's retention policies.
38. It is possible that the Council will be inspected again during the course of 2022/23. If so, the Senior Responsible Officer will be able to confirm that the recommendations have been implemented.

Changes in Legislation and National Practice

39. There have been no changes to legislation or national practice during the period reported. The Senior Responsible Officer and RIPA Monitoring Officer continue to monitor any changes in legislation and guidance and where necessary will implement changes in the practice to reflect those changes.

Review of the Councils Corporate Guidance on RIPA

40. The established practice has been to review the Corporate Guidance on RIPA annually. The review for 2021 resulted in only minor amendments to reflect organisational changes within the Council.
41. The Corporate Guidance will continue to be reviewed on an annual basis to reflect changes in practices, policies and legalisation.

Background Papers

None

Contact: Kamila Coulson-Patel Tel. 03000 269674

Appendix 1: Implications

Legal Implications

The Council's objective is to make lawful and appropriate use of surveillance techniques where required whilst complying with the provisions of the Human Rights Act 1998 and in particular of Article 8 of the ECHR securing respect for an individual's (qualified right) to privacy.

Finance

None.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

Use of investigatory powers potentially engages the Human Rights Act 1998 and in particular the qualified right to private and family life under article 8 of the European Convention. This right may only be interfered with in circumstances where it is necessary and proportionate to do so in pursuit of the public interest. Oversight by the Board of the Council's RIPA operations is designed to facilitate compliance with the Human Rights Act.

Crime and Disorder

The appropriate use of an oversight of RIPA powers will enable the Council to provide evidence to support appropriate prosecutions and tackle crime.

Staffing

With the report it is recognised that there is a need for an education programme for the workforce.

Accommodation

None.

Risk

None.

Procurement

None.

**Corporate Overview and Scrutiny
Management Board**

7 September 2022

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



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Corporate Overview and Scrutiny Management Board (COSMB) the opportunity to scrutinise the final revenue and capital outturn for the General Fund for 2021/22.

Executive summary

- 2 The final revenue and capital outturn for the General Fund for 2021/22 is included in the Board's work programme for 2023/24 following agreement at COSMB on 17 June 2022.
- 3 The report was submitted to Cabinet on 13 July 2022.

Recommendation(s)

- 4 Members are asked to consider and comment on the contents of the Cabinet report.

Background

- 5 COSMB agreed its work programme for 2022/23 at its meeting on 17 June 2022. The addition of the 2021/22 Final Outturn for the General Fund and Collection Fund in the work programme enables members of the Board an opportunity to scrutinise the actual outturn compared with the original and revised budgets as agreed by Council for the 2021/22 financial year.
- 6 The report provides information on:
 - 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
 - d) achievement of Medium Term Financial Plan (MTFP) (11) savings targets in 2021/22.
- 7 COSMB prioritises the scrutiny of the MTFP and budget each year and scrutiny of the final revenue and capital outturn for the General Fund for 2021/22 will complement their work.

Background papers

- none

Contact: Helen Lynch

Tel: 03000 269732

Appendix 1: Implications

Legal Implications

None.

Finance

None.

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

None.

Procurement

None.

**Appendix 2: 2021/22 Final Outturn for the General Fund and
Collection Fund**

Attached as a separate document.

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 March 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
<u>Less:</u>	
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 of £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
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- 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.

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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		
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	USE OF RESERVES	CONTRIBUTION TO RESERVES	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	CLOSING BALANCE AT 31/03/22
		£'000	£'000	£'000	£'000	£'000	£'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

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**Corporate Overview and Scrutiny
Management Board**

7 September 2022

**Resources - Revenue and Capital
Outturn 2021/22**

Ordinary Decision



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the final revenue and capital position for the Resources service grouping in 2021/22, highlighting major variances in comparison with the budget.

Executive summary

- 2 In 2021/22 the service achieved a cash limit variance (underspend) of £1.520 million against a revised budget of £27.118 million. This compares to the previously forecast position (at quarter 3) of a £0.761 million underspend for the year. The outturn position was therefore £0.759 million more underspent than previously reported.
- 3 The Resources Cash Limit balance carried forward at 31 March 2022 is £1.092 million. Other earmarked reserves under the direct control of RMT total £17.411 million at 31 March 2022.
- 4 In arriving at the Resources Cash Limit variance, Covid-19 related savings, net of Covid-19 related expenditure and loss of income, of £0.358 million have been excluded from the outturn. Covid-19 related costs are being treated corporately and offset by Government funding.
- 5 The final Resources capital budget was £9.330 million for 2021/22, with total expenditure incurred to 31 March 2022 of £9.042 million (96.9%). A request was made to the Member Officer Working Group to carry forward the £0.288 million underspend to the current year to augment the 2022/23 Capital Programme.

Recommendation(s)

- 6 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2021/22 revenue and capital budgets.

Background

7 County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:

- Revenue Budget - £27.118 million (original £21.425 million)
- Capital Programme - £9.330 million (original £16.805 million)

8 The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

£,000s

Quarter 1:

Transfer from Contingencies - Web Development Group	117
Transfer from Contingencies - Coroners Budget	192
Transfer from Contingencies - RC Lost SLA Income	103
Transfer to Interest Payable & similar Charges-Leasing	(9)
Transfer from CYPS - Business Support Post	23
Transfer to REG - Business Support Post	(26)
Transfer from AHS - Centralisation of First Aid Budgets	4
Transfer from CYPS - Centralisation of First Aid Budgets	5
Transfer from REG - Centralisation of First Aid Budgets	3
Transfer from Corporate ER/VR Reserve	33
Transfer from Office Accommodation Capital Reserve	66
Transfer from Commercialisation Support Reserve	2
Transfer from Business Support Reserve	50
Transfer from Human Resources Reserve	207
Transfer from Legal Expenses Reserve	30
Transfer from Benefit Take Up Reserve	198
Transfer from Digital Workforce Transformation Reserve	28
Transfer from Test & Trace Support Scheme Reserve	245
Transfer from Additional Restrictions Grant Reserve	4,237
Transfer from Archives Project Reserve	32
Transfer from Residents Research & Consultation	108
Transfer to Transformation Programme Reserve	(327)
Transfer from Resources Cash Limit Reserve	69

Quarter 2:

Transfer to Contingencies - Coroners Forecast	(38)
Transfer to REG – Additional Business Support Post	(29)

Transfer from CEO – Service Management	270
Transfer from Oracle Development Reserve	45
Transfer from Internal Audit & Fraud Reserve	41
Transfer from ICT Reserve	79
Transfer to Microsoft Office 365 Reserve	(14)
Transfer from Elections Reserve	598
Transfer from Corporate Procurement Reserve	70
Transfer to New Burdens Reserve	(251)
Transfer to Welfare Assistance Scheme Reserve	(191)
Transfer from Resources Cash Limit Reserve	65
Quarter 3:	
Transfer from Contingencies – funding to support admin	92
Transfer from Corporate ER/VR Reserve	87
Transfer from ICT Reserve	38
Transfer from Elections Reserve	137
Transfer from Oracle Development Reserve	65
Transfer to Resourcelink ICT Reserve	(200)
Transfer to Internal Audit Reserve	(70)
Transfer to HRS Digital Transformation Reserve	(29)
Transfer to Welfare Assistance Scheme Reserve	(309)
Transfer to Benefits Take Up Reserve	(52)
Transfer to HR Reserve	(101)
TOTAL	5,693

The revised General Fund Budget for Resources is £27.118 million

- 9 The summary financial statements contained in the report cover the financial year 2021/22 and show:
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council’s financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.
- 10 The service achieved a cash limit variance (underspend) of £1.520 million against a revised budget of £27.118 million.

- 11 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Type of Expenditure (Subjective Analysis) (£000's)

	2021/22 Budget	Actual Outturn	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Variance	Memo Item: Q3 Cash Limit Variance
Employees	69,079	66,972	(2,107)	(840)	5	(2,942)	(2,509)
Premises	7,916	2,416	(5,500)	5,416	(12)	(96)	(106)
Transport	770	391	(379)	(11)	446	56	29
Supplies and Services	17,872	19,816	1,944	556	915	3,415	2,457
Third Party Payments	51	5,817	5,766	-	(929)	4,837	4,656
Transfer Payments	4,329	6,753	2,424	(24)	(2,400)	-	-
Central Support and Capital	27,407	18,926	(8,481)	9,558	-	1,077	1,108
Gross Expenditure	127,424	121,091	(6,333)	14,655	(1,975)	6,347	5,634
Income	(100,305)	(92,051)	8,254	(18,454)	2,334	(7,866)	(6,395)
Net Expenditure	27,118	29,040	1,922	(3,800)	358	(1,520)	(761)
HB Transfer payments	115,249	111,837	(3,412)	-	-	(3,412)	1,412
HB Central Support and Capital	300	(345)	(645)	-	-	(645)	-
HB Income	(115,549)	(113,448)	2,101	1,956	-	4,057	(1,412)
HB Net Expenditure	-	(1,956)	(1,956)	1,956	-	-	-
Total Net Exp	27,118	27,084	(34)	(1,844)	358	(1,520)	(761)

By Head of Service (£000's)

	2021/22 Budget	Actual Outturn	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Variance	Memo Item Cash Limit Variance Q3
Central Establishment Recharges	(27,556)	(37,473)	(9,917)	9,917	-	-	-
Corporate Finance & Commercial Services	2,887	2,571	(316)	(6)	57	(265)	(250)
Financial & Transactional Services	14,721	12,858	(1,863)	920	(335)	(1,278)	(829)
Digital & Customer Services	17,122	19,581	2,459	(2,073)	175	561	534
Internal Audit and Insurance	1,057	1,015	(42)	17	25	-	-
Legal & Democratic Services	9,267	7,072	(2,195)	1,285	235	(675)	(136)
Service Management / Central Charges	(11,277)	3,335	14,612	(14,532)	6	86	(37)
People & Talent Management	2,663	2,582	(81)	174	29	122	84
Procurement Sales & Business Services	15,722	15,085	(637)	473	135	(29)	(82)
Transformation	871	716	(155)	39	8	(108)	(99)
Strategy	1,640	1,698	58	(14)	22	66	54
Net Expenditure Excluding HB	27,118	29,040	1,922	(3,800)	358	(1,520)	(761)
Housing Benefit	-	(1,956)	(1,956)	1,956	-	-	-
Net Expenditure	27,118	27,084	(34)	(1,844)	358	(1,520)	(761)

- 12 The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Central Establishment Recharges	Central Establishment Recharges	No material variances.	0	0
Corporate Finance & Commercial Services	Management	£14,000 overbudget on supplies & services. £2,000 overbudget on central expenses.	16	(265)
	Financial Systems	£5,000 underbudget on employees. £3,000 overbudget on supplies & services.	(2)	
	Pensions	No material variances.	0	
	Strategic Finance	£97,000 underbudget on employees. £16,000 overbudget on supplies & services. £79,000 additional income.	(160)	
	Occupational Health	£50,000 underbudget on employees. £17,000 underbudget on supplies & services. £60,000 underachievement on income.	(7)	
	Health and Safety	£5,000 underbudget on employees. £3,000 overbudget on supplies & services. £110,000 additional income.	(112)	
People & Talent Management	People & Talent Management	£202,000 overbudget on employees. £56,000 overbudget on supplies & services. £26,000 overbudget on central expenses (recharge of staff) £162,000 additional income.	122	122

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Finance & Transactional Services	Management	£16,000 overbudget on employees. £30,000 underbudget on supplies & services.	(14)	
	Payroll & Employee Services	£51,000 overbudget on employees. £7,000 overbudget on supplies & services. £46,000 underachieved income.	104	
	Financial Management	£77,000 overbudget on employees. £708,000 overbudget on supplies & services (largely relating to NECA) £191,000 overbudget on central expenses. £959,000 additional income (largely relating to NECA).	17	
	Revenues and Benefits	£695,000 underbudget on employees. £18,000 overbudget on premises. £11,000 overbudget on transport. £431,000 overbudget on supplies & services. £4,855,000 overbudget on third party payments (including grant related) £6,005,000 additional income (including grant related).	(1,385)	
Digital and Customer Services	Digital and Customer Services	£767,000 underbudget on employees. £88,000 underbudget on premises. £33,000 overbudget on transport. £1,941,000 overbudget on supplies & services.		
				(1,278)

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		Supplies and services includes an overbudget of £535,000 relating to Oracle software (as the saving will not be realised until 2022/23). £157,000 overbudget on central expenses (including Direct Revenue Funding for capital schemes). £715,000 additional income.	561	561
Internal Audit and Risk	Insurance and Risk	£9,000 underbudget on employees. £1,000 overbudget on supplies & services.	(8)	0
	Internal Audit	£54,000 underbudget on employees. £9,000 overbudget on supplies & services. £131,000 overbudget on central expenses. £76,000 additional income.	10	
	Corporate Fraud	£20,000 overbudget on employees. £9,000 underbudget on supplies & services. £13,000 additional income.	(2)	
Legal and Democratic Services	Corporate and Democratic Core	£89,000 underbudget on employees. £5,000 underbudget on transport £49,000 underbudget on supplies & services. £6,000 additional income.	(149)	
	Legal and Other Services	£439,000 underbudget on employees. £29,000 underbudget on premises. £5,000 overbudget on transport	(526)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£349,000 overbudget on supplies & services. £98,000 overbudget on central expenses. £510,000 additional income.		(675)
Service Management	Service Management/Central Charges	£16,000 overbudget on employees. £110,000 overbudget on central expenses. £40,000 additional income.	86	86
Strategy		£56,000 overbudget on employees. £6,000 overbudget on supplies & services. £4,000 under-achieved income.	66	66
Transformation		£89,000 underbudget on employees. £19,000 underbudget on supplies & services.	(108)	(108)
Procurement Sales & Business Services	Procurement	£5,000 overbudget on employees. £4,000 overbudget on transport. £12,000 underbudget on supplies & services. £26,000 additional income.	(29)	(29)
Benefits Payments and Subsidy	Benefits	No material variances	-	-
TOTAL				(1,520)

- 13 The final outturn position was £0.759 million more underspent than the forecast prepared at Quarter 3 and reported to Cabinet in March. This means that there is an increase in the cash limit reserve carried forward at year end.

- 14 In addition to the budgets controlled by Heads of Service there is a budget of £2.227 million for Centrally Administered Costs (CAC) covering corporate items such as the Town and Parish Local Council Tax Support Scheme Grant contributions, subscriptions to the LGA, etc.
- 15 The final position against this budget was an underspend of £44,000 million. The underspend is mainly due to reduced expenditure on legal expenses, expenses associated with raising loans, corporate subscriptions and increased income from de-minimis capital receipts.

Capital Programme

- 16 The original Resources capital programme was £16.805 million, and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £9.330 million.
- 17 Summary financial performance to the end of March 2022 is shown below:

	Original Annual Budget 2021/22 £000	Final Annual Budget 2021/22 £000	Actual Spend 2021/22 £000	(Under) / Over Spend in Year £000	Actual Spend as a % of Budget
Digital & Customer Services	16,780	9,305	9,005	(300)	97
Corporate Finance & Commercial Services and Finance & Transactional Services	25	25	37	12	148
Total	16,805	9,330	9,042	(288)	97

- 18 The outturn position will be reported to MOWG in May 2022 as part of the capital outturn and requests were made to carry forward the budget variances and incorporate these as changes to the 2022/23 budget. A full breakdown of schemes and actual expenditure to 31 March 2022 is given in Appendix 2.

Background papers

- County Council Report (24 February 2021) – Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- Cabinet Report (15 September 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021 and Update on Progress towards achieving MFTP(11) savings.
- Cabinet Report (17 November 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September 2021 and Update on Progress towards achieving MFTP(11) savings
- Cabinet Report (16 March 2022) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021 and Update on Progress towards achieving MFTP(11) savings
- Cabinet Report (13 July 2022) – 2021/22 Final Outturn for the General Fund and Collection Fund.

Other useful documents

- Previous Cabinet reports / None

Author(s)

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Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the actual spend against budgets agreed by the Council in February 2021 in relation to the 2021/22 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Climate Change

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

Procurement

The outcome of procurement activity is factored into the financial projections included in the report.

Appendix 2 Resources Capital Programme 2021/22 – Detailed Monitoring Statement to 31 March 2022

Resources	Revised Annual Budget	Profiled Budget	Actual Spend	Remaining Budget
	2021/22	2021/22	31-Mar-22	2021/22
	£000	£000	£000	£000
Applications and Development	11	11	11	-
Design and Print	33	33	31	(2)
Head of Service	54	54	54	-
Technical Services	3,498	3,498	3,273	(225)
Customer Relations	9	9	10	1
Digital Durham	5,665	5,665	5,602	(63)
Digital Engagement	35	35	25	(10)
ICT Services Include Design and Print Total	9,305	9,305	9,005	(300)
Migration of HR/Payroll Functionality	25	25	37	12
Civica Pension Fund Administration System	-	-	-	-
Financing Resources Total	25	25	37	12
RES Total	9,330	9,330	9,042	(288)

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**Corporate Overview and Scrutiny
Management Board**

7 September 2022



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

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide members of the Corporate Overview and Scrutiny Management Board (COSMB) with an update on the proposed approach to scrutiny of the Budget 2023/24 and the Medium-Term Financial Plan (MTFP) (13) 2023/24 to 2026/27.
- 2 COSMB prioritise scrutiny of the MTFP and budget as part of its work programme.

Executive summary

- 3 The report to Cabinet sets out the plan for the MTFP (13) covering the four year period from 2023/24 to 2026/27.
- 4 It contains details of the process of scrutiny of the MTFP and budget.

Recommendation(s)

- 5 Members are asked to:
 - (a) Consider and comment upon the July Cabinet report on the MTFP (13) 2023/24 to 2026/27.
 - (b) Note the timetable for scrutiny discussions.

Background

- 6 The report highlights the period of significant financial uncertainty that local government is operating in. This is 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.
- 7 Enduring demographic pressures in children’s social care and in waste services alongside other unfunded pressures arising from the present high levels of inflation impacting on energy and fuel costs plus uncertainties surrounding the pay award to be agreed contribute to the extremely challenging outlook for the Council.
- 8 The Cabinet report includes information on:
- (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) 2023/24 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
- 9 COSMB has prioritised scrutiny of the MTFP and budget as part of the committee’s work programme. It is proposed that scrutiny of the MTFP and budget will be according to the MTFP process as below. The Board will be notified of any variations to the overall MTFP timetable which might occur.

Date	Action
13 July 2022	MTFP (13) update and LCTRS review report to Cabinet
7 September 2022	Corporate Overview and Scrutiny Management Board consider 13 July 2022 Cabinet report

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

Background papers

- None

Contact: Helen Lynch

Tel: 03000 269732

Appendix 1: Implications

Legal Implications

None.

Finance

The report sets out the arrangements to scrutinise MTFP (13) proposals.

Consultation

The report includes information on the consultation process.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the approach to developing MTFP (13) as a key element of the process.

Climate Change

The impact of final budget decisions will take into account climate change impacts

Human Rights

Any human rights issues will be considered for any detailed MTFP (13) proposals as they are developed and decisions made to take these forward.

Crime and Disorder

None.

Staffing

The savings proposals in MTFP (13) will impact upon employees.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: Medium Term Financial Plan (13), 2023/24 - 2026/27

Attached as a separate document.

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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 be 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 forecast 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 prices 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 psychology 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 procurement 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:

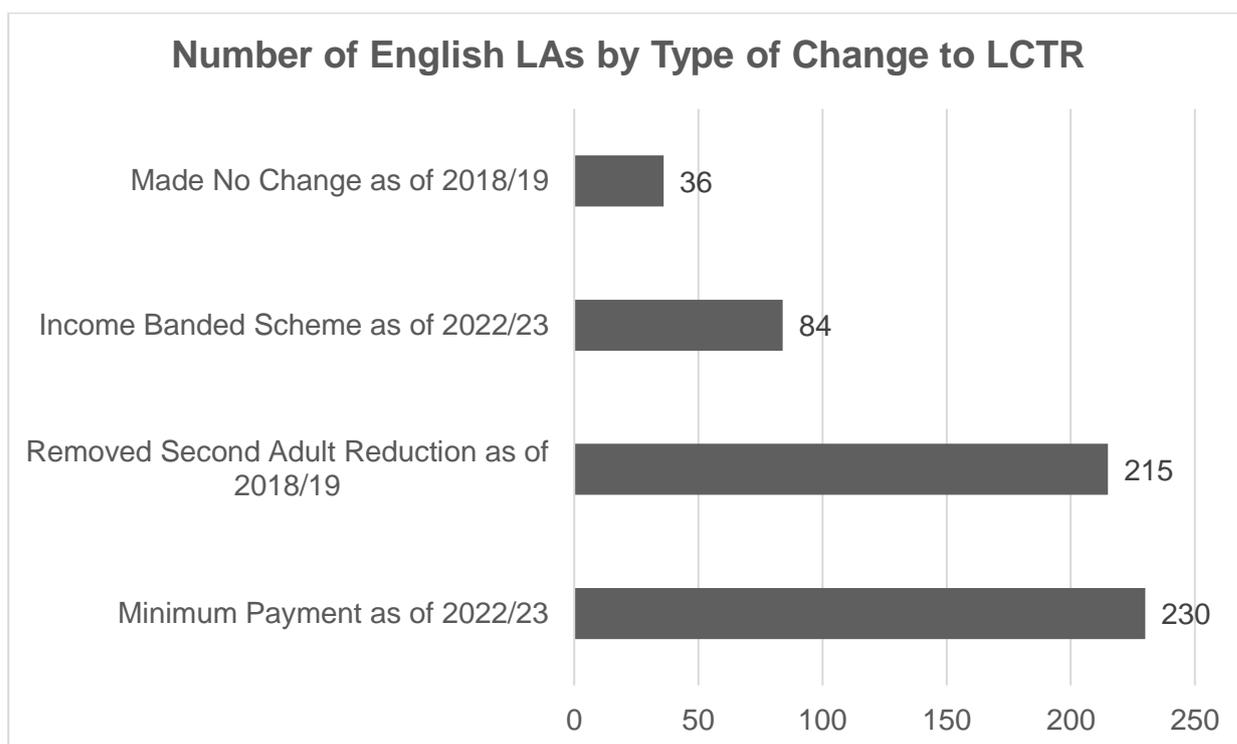
- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;

- (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.

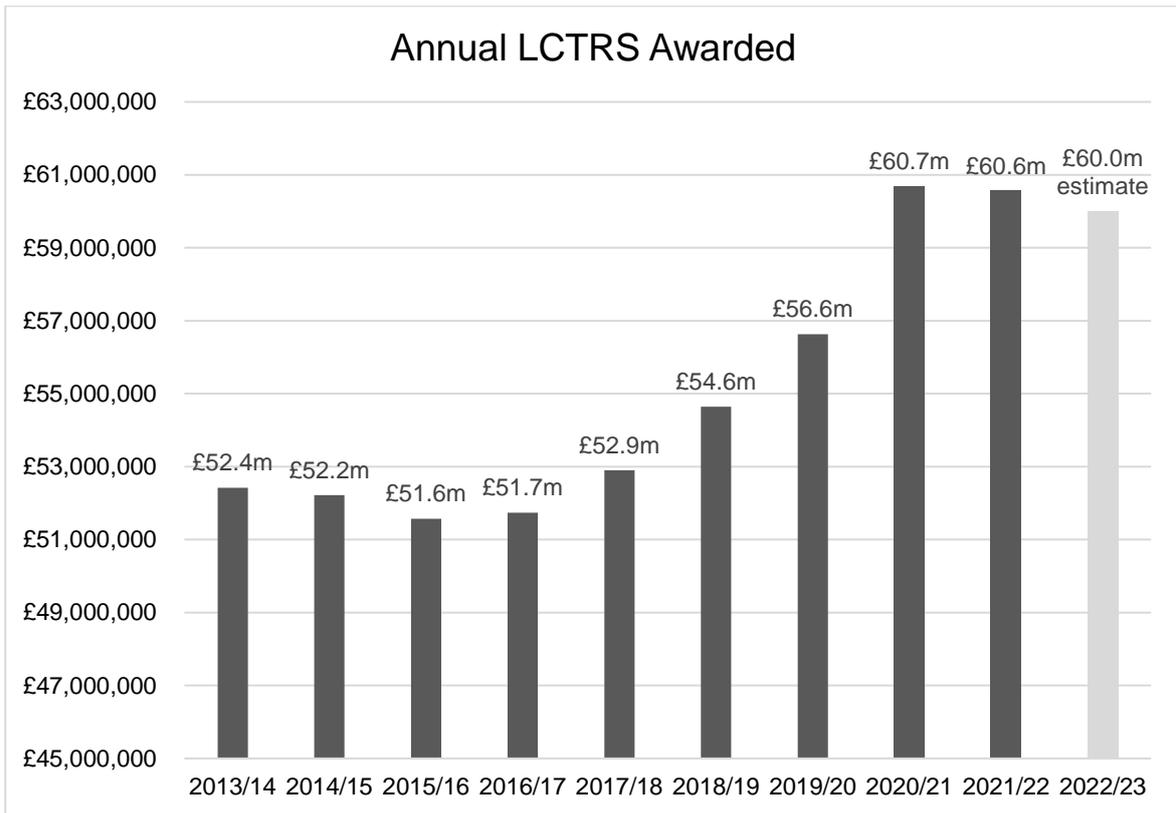
Local Council Tax Reduction Scheme for 2023/24

- 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.

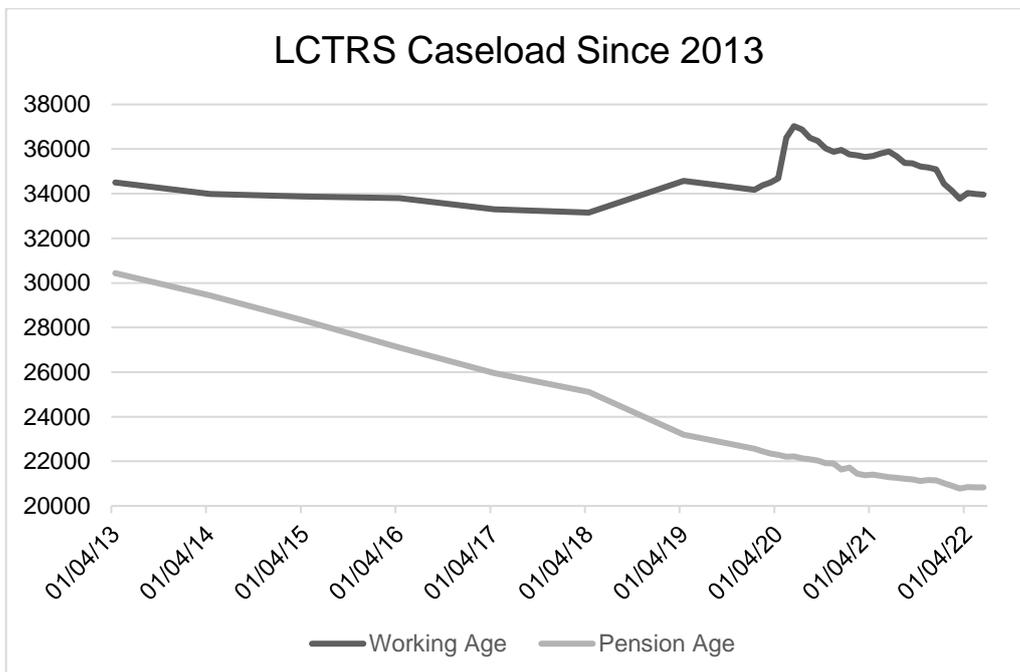
- 61 All local authorities are required to follow a national LCTR scheme for pension age applicants, which protects their entitlement at the same level as under the former national CTB regime. The pension age scheme can only be altered locally in ways which make it more generous to applicants.
- 62 There 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.



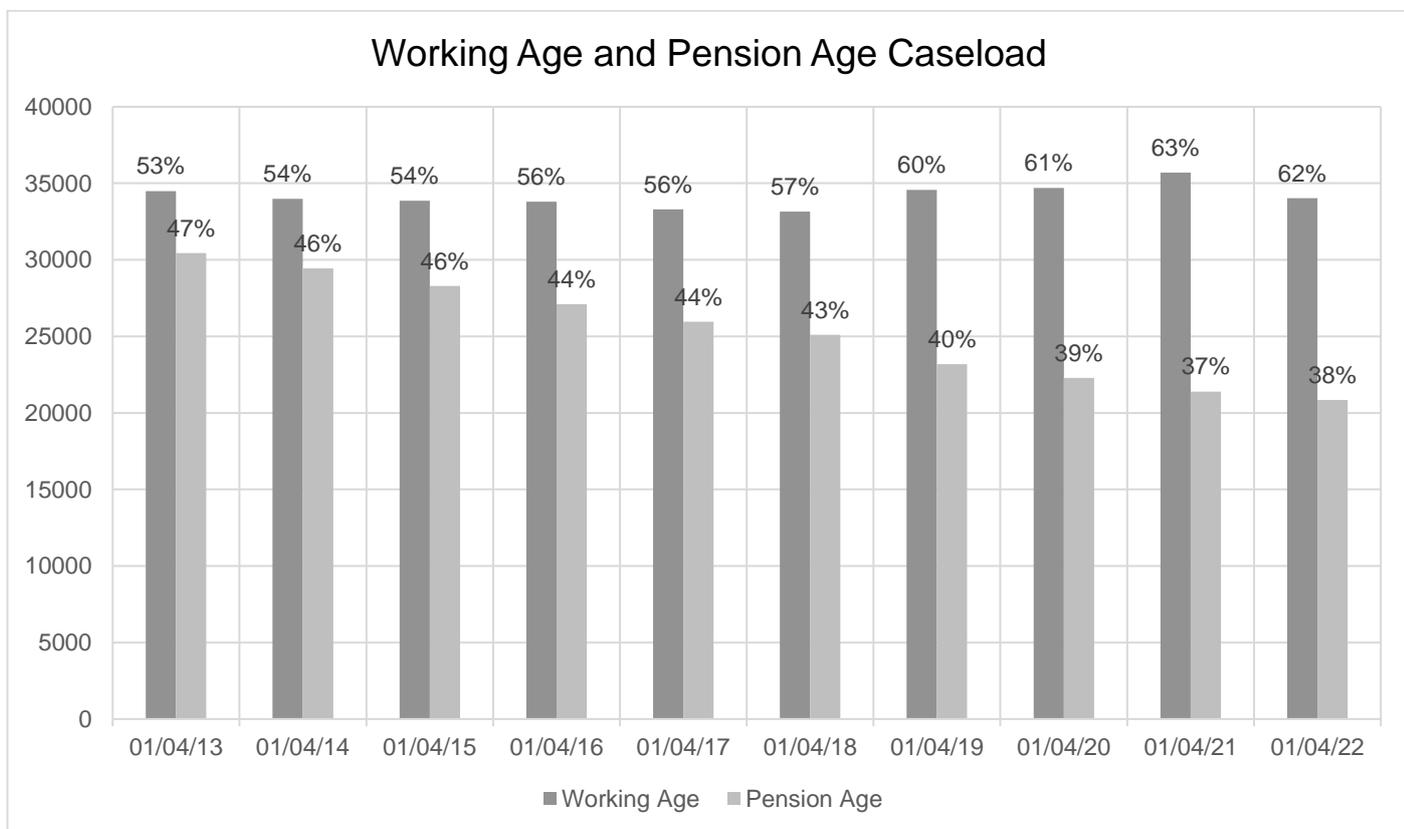
- 70 The roll-out of Universal Credit is currently scheduled to be completed by the end of 2024. As at 1 June 2022, there were circa 19,350 LCTR applicants in cCounty Durham receiving UC, around 57% of the current working age LCTR caseload.
- 71 There are currently 54,800 LCTR cases in County Durham, 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, covering 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

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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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**Corporate Overview and
Scrutiny Management Board**

7 September 2022



Update in relation to Petitions

Report of Corporate Management Team

Helen Lynch, Head of Legal and Democratic Services

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To provide for information the quarterly update in relation to the current situation regarding various petitions received by the Authority.

Recommendation(s)

- 2 Members are requested to note the update report on the status of petitions and e-petitions received by the Authority.

Background

- 3 Following the introduction of The Local Democracy, Economic Development and Construction Act 2009 all of the petitions that have been received by the Authority are processed by democratic services in line with its petitions process.
- 4 The Board have received update reports on petitions since September 2008, and this function has now passed to the new committee.
- 5 From the 15 December 2010, the Authority has provided a facility for members of the public to submit e-petitions on the Council's website.

Current Notice of Key Decisions

- 6 Since the last update five new e-petitions have been submitted. Three are ongoing and two were not valid petitions.
- 7 Four new paper petitions have been submitted, three of those have closed and the other one is awaiting a further response. A list giving

details and current status of all active petitions is attached as Appendix 2 to the report.

Contact: Michael Turnbull

Tel: 03000 269714

Appendix 1: Implications

Legal Implications

None.

Finance

None.

Consultation

Petitions which refer to a consultation exercise are reported to committee for information and forwarded to the relevant officer for consideration

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

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Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
<p>Petition 409</p> <p>Build a public footpath between Haswell Plough and Shotton.</p> <p>E-Petition Petition received 24.11.21 No. of signatures – 92</p>	<p>Paul Watson Strategic Highways Manager</p>	<p>Petition asking the Council to build a footpath between Haswell Plough and Shotton for the safety of residents and visitors.</p> <p>E-petition to run until 30 April</p> <p>Durham County Council has assessed the request for a new footway that links Shotton Colliery to Haswell Plough and we are currently working up detailed cost estimates for the potential construction of a new footway which will be installed subject to a funding source being identified.</p> <p>Officers are in discussions with various funding providers to determine the feasibility of them providing sufficient funding that will allow for the construction of this new footway link.</p> <p>Once we have concluded these discussions we will be back in contact with the outcome.</p>	<p>Petition CLOSED</p>
<p>Petition 414</p> <p>Traffic Calming Measures at The Blue House - Haswell and Shotton Colliery</p> <p>E-Petition Petition received 15.2.22 No. of signatures – 96</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to review and examine the traffic measures currently in place at the junction between the B1283 and B1280 Salters Lane, commonly known as The Blue House junction located between the villages of Haswell and Shotton Colliery.</p> <p>It is appreciated that following traffic incidents reported at this location local residents have a desire for changes and recently we have investigated requests for the introduction of traffic management measures, including a lower speed limit. The County Council take these concerns seriously and give them full consideration when we evaluate changes to speed limits and road layouts.</p> <p>Speed Limit changes are undertaken using guidance issued by the Department for Transport and our own considerable local</p>	<p>Petition CLOSED</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>experience of implementing speed limits within the County. We also work closely with Durham Constabulary when considering changes to speed limits. It is an intention of the Department for Transport guidance to ensure that speed limits are credible with the aim that they become self-evident and self-enforcing, by virtue of their surroundings.</p> <p>Speed limit reviews take into account many factors that are considered and evaluated. Examples of such include the existing vehicle speeds, nature of the road and its surroundings, local needs, existing highway infrastructure, development, highway signs, road markings and street lighting, the various road users, the credibility of the speed limit and accident history.</p> <p>A speed limit which lacks credibility results in a significant proportion of motorists ignoring the limit and potentially driving at even higher speeds and can also lead to greater risk taking. In addition the imposition of non-credible lower limits can raise residents' expectations that the speeds of vehicles will suddenly reduce but this is seldom being achieved in practice, thus creating further annoyance for both residents and motorists, and also unfair criticism of the police who have to enforce the speed limits.</p> <p>Having checked the accident recording database shared with Durham Constabulary I can confirm there has been 5 recorded 'personal injury' accidents in this staggered junction in the last 4 years, this being our standard search criteria. The causation factors recorded were driver error in 3 of the accidents and the other 2 were linked to criminality. None of these accidents were attributed to speed or the road layout and the most recent speed data we hold does not indicate a problem with speed at this location. Additionally there are no common factors in the</p>	

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>accidents and they occurred at different parts of the staggered junction. While we would prefer to see no accidents it is not possible to engineer roads to prevent all occurrences and it is necessary to consider requests for engineering measures using a data led approach to prioritise the most effective use of resources. Unfortunately, there is always a low risk of an accident occurring anywhere on the highway network due to driver error, criminality, weather, mechanical breakdown or medical issues and unfortunately, despite our best efforts to advise motorists of the road layout and its speed limit, such incidents can rarely be resolved through the use of engineering measures</p> <p>The most recent incidents have been investigated however it they are what is termed a ‘damage only’ collision. We are aware these incidents take place on a daily basis across the road network, where damage has occurred to property/third party vehicles resulting typically in an exchange of insurance details. We appreciate how distressing these incidents can be for all involved but having looked at all aspects of the road layout at Blue House it remains our position that the current road layout and speed limit remain appropriate.</p>	
<p>Petition 416</p> <p>Parking at Oakwood Bungalows, Catchgate</p> <p>Petition Received by post: 04.04.22</p> <p>No. of signatures - 16</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to investigate parking obstruction issues at Oakwood Bungalows, Catchgate.</p> <p>Unfortunately, as car ownership has increased, this has resulted in the type of problems that are being witnessed on Oakwood. All too often this is becoming a common occurrence upon the highway network, especially where there is a generator of parked traffic, such as a school. It is particularly common at schools, where parents increasingly choose to drop off and collect children by car. Whilst attempts are made to reduce this dependency on the car, there is nothing in the council’s powers</p>	<p>Petition CLOSED</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>that can be used to force parents not to drop off or pick up children near a school.</p> <p>Durham Constabulary do have powers available to deal with motorists that are parked causing an obstruction to other road users. However, the offence of 'parking causing unnecessary obstruction' is extremely subjective and it requires a Police Officer to consider discretion / judgement when dealing with such matters. There is no requirement to have waiting restrictions (double yellow lines) when considering this particular offence.</p> <p>The county council would only consider the use of waiting restrictions where road safety is being seriously compromised, with the support of Durham Constabulary or within a commercial Town Centre area, whereby parking control is required. If road safety was being compromised, the county council could consider the provision of waiting restrictions. It is worth noting though that these could potentially impact upon residents and visitors, who would be unable to park in the vicinity of their homes, either because of parking displacement or the because of the waiting restrictions themselves.</p> <p>Therefore, in summary, providing the vehicle is taxed, tested and insured it is legally entitled to be parked on the public highway. If, however, vehicles are parking causing obstruction offences, then this should be reported directly to Durham Constabulary using their '101' contact number.</p> <p>It is also worth noting that all schools have what is termed a 'School Travel Plan'. The plan is designed to encourage modal shift towards walking and cycling to school, thereby reducing car dependency. In such cases, it is sometimes worthwhile for concerned motorists / residents to contact the school, who could</p>	

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>in turn send newsletters to parents asking that they are more considerate if they need to park outside of the school premises.</p>	
<p>Petition 417</p> <p>Install a safe crossing, introduce a speed limit and introduce traffic calming at High Street, Howden-le-Wear</p> <p>Petition received 13.04.22 No. of signatures - 79</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to install a safe crossing, introduce a speed limit and introduce traffic calming at High Street, Howden-le-Wear.</p> <p>Crossing facilities Requests for formalised crossings such as a zebra crossing or traffic signal controlled crossing are assessed against a national criteria devised by the Department for Transport (DfT), which takes into account various factors including traffic flow and the number of pedestrians crossing the road throughout the day and not just the busiest period. It has been proven that low pedestrian flows at formalised crossings results in more road traffic accidents whereby the motorist has failed to stop, therefore the reason for the DfT guidance.</p> <p>The County Council receives more requests for formalised crossing facilities than it is able to fund from limited road safety budgets. Due to the need to concentrate resources on reducing casualty accidents, the Council is required to direct its limited funding towards addressing locations with the worst accident trends. Having checked the accident recording database shared with Durham Constabulary, I can confirm no recorded 'personal injury' accidents associated with pedestrians during the past 4 years, being our standard search criteria. These figures represent a favourable accident record compared to many other locations within the County, where future intervention by the Council would be beneficial to improve road safety.</p>	<p>Petition CLOSED</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>Unfortunately, we are aware that ‘damage only’ collisions take place on a daily basis across the road network, such as the ones mentioned, where damage has occurred to property/third party vehicles resulting typically in an exchange of insurance details. The limited road safety funding available has to be prioritised towards dealing with personal injury accidents as Highway Authorities nationally look to reduce casualty accidents across the road network</p> <p>In the case of Witton-le-Wear the national criteria could not be satisfied, this is basically because there is no overall “desire line” on what is a long section of road or multiple roads where pedestrians choose to cross where it is convenient for them, rather than at a specific location, although it is noted that more choose to cross in the vicinity of the One Stop shop. It is for this reason that you typically see formalised crossing facilities in commercial town centres only where pedestrians have been “funnelled” to a particular crossing point a typical example being the Market Place at Crook. In addition, and importantly, the pedestrian and vehicular flows are significantly too low to achieve the necessary threshold criteria to justify a crossing.</p> <p>It is also the case, particularly in the vicinity of the One Stop shop that other ‘physical problems’ prevent formal crossings being installed that relate to specific road safety issues such the proximity of the mini roundabout, the bus stops, side road junctions and impact on businesses and residential properties who would be prevented from parking.</p> <p>Other types of facility have also been considered including pedestrian refuge islands but regrettably, the limited carriageway width is not wide enough to accommodate such measures.</p> <p>20mph Speed limits</p>	

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>Although we are introducing 20mph speed limits in more areas these are either advisory part time speed limits near schools or located on side roads and residential areas. The main roads through Howden-le-Wear would not meet our current policy for a reduction in speed limit to 20mph. A copy is attached for your information.</p> <p>Traffic Speed</p> <p>We have received previous complaints about the speed of traffic approaching Valley Terrace and although requests have been made to move the 30mph signs further I can confirm that the signs are located in the most appropriate place possible. Generally the majority of enquires that have been received from Valley Terrace have historically related to problems with congestion due to the manner of parking. However the manner of parking will typically go some way towards reducing vehicle speeds along the road.</p> <p>As part of our partnership approach to improving road safety, joint working with Durham Constabulary has enabled us to introduce an initiative known as 'Community Speed Watch'. This initiative is about giving a degree of ownership to local communities and providing them with the opportunity to tackle the issues and perceptions around speed.</p> <p>Under the Community Speed Watch initiative, all speeding complaints are directed towards Durham Constabulary and their Police and Communities Together (PACT) meetings, enabling the appropriate level of intervention and action to be considered.</p>	

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
Petition 418 Playground in Brandon (Scripton Gill) E-Petition Received 14.05.22 No. of signatures	James Young Outdoor Facilities Co-ordinator	Petition asking the Council to build a lovely and safe little playground on the West-side of Brandon for families to take their children to. Ideally a playground with equipment for a wide age range.	e-petition to run from 14 May to 25 September 2022
Petition 419 Reduce 40mph speed limit at Vigo Lane Received 11.06.22 No. of signatures - 308	Michelle McIntosh Traffic Assets Team Leader	<p>Petition asking the Council to reduce the current 40mph speed limit at Vigo Lane, provide vehicle activated speed signs and to provide safe crossings adjacent to all junctions along Vigo Lane and to facilitate reduced emissions.</p> <p>We can appreciate that residents often have a desire for a lower speed outside or close to where they live. The Council take these concerns seriously and give them full consideration when we evaluate changes to speed limits. When undertaking these speed limit reviews we use the guidance issued by the Department for Transport and our own considerable local experience of implementing speed limits within the County. We also work closely with Durham Constabulary when considering changes to speed limits.</p> <p>It is an intention of the Department for Transport guidance to ensure that speed limits are credible with the aim that they become self-evident and enforcing by virtue of their surroundings.</p> <p>During the review process many criteria and factors are considered and evaluated. The existing vehicle speeds, nature of the road and its surroundings, local needs, existing highway infrastructure, frontage property development, highway signs, road markings and street lighting, the various road users, the credibility of the speed limit and accident history are some of</p>	Awaiting further response from the service

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>these factors being considered. The length of speed limit, distance between speed limit terminal points and the number of changes along the route are also considered.</p> <p>The section of 40mph speed limit on Vigo Lane has no direct frontage development, wide verges, properties set well back or obscured by vegetation or walls and good footway provision. All these elements are conducive to a credible 40mph speed limit and no changes have been considered appropriate when the provision of the new development along Vigo Lane has been considered at the planning stage.</p> <p>Unfortunately, the setting of speed limits can be quite an emotive issue with some motorists and residents generally demanding lower speed limits on roads. However, in many cases when motorists are travelling through similar environments where a speed limit may lack credibility a converse stance may intentionally or unintentionally be taken. We therefore have a difficult task in striking a balance and providing a compromise based upon the national and local strategies and also taking local factors into account.</p> <p>As is often the case, a speed limit which lacks credibility results in a significant proportion of motorists ignoring the limit and potentially driving at even higher speeds and, can also lead to greater risk taking. In addition the imposition of non-credible lower limits can raise expectations that the speeds of vehicles will suddenly reduce but this is seldom being achieved in practice, thus creating further annoyance for both residents and motorists, and also unfair criticism of and demands on the police who have to enforce the speed limits.</p> <p>Having checked the accident recording database shared with Durham Constabulary, I can report that there has been one</p>	

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>personal injury accident along this section of Vigo Lane in the past 4 years, this being our standard search criteria. The incident involved a car and bicycle where it is recorded that the passenger of the vehicle has made contact with the cyclist. This accident was not recorded as being attributable to the highway or speeding. Whilst we would wish to see no accidents occurring, compared to many other locations within the county, this represents a very favourable accident record.</p> <p>Given the accident details, existing vehicle speeds and road environment, the current 40mph speed limit is considered to be the appropriate speed limit for this road.</p>	
<p>Petition 420</p> <p>Install Traffic Calming Measures in Whorlton Village</p> <p>Received 22.06.22</p> <p>No of signatures – 91</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to install Traffic Calming Measures in Whorlton Village to slow down vehicles, encourage compliance with the 30mph speed limit and improve safety at the road junction in the village.</p> <p>Durham County Council are currently working with Whorlton & Westwick Parish Council and the Area Action Partnership to develop a scheme to enhance the entrances to some of the villages in your area. The proposal being progressed for Whorlton is the enhancement of the road markings and, where appropriate, road signs or other measures to highlight the start of the built up area and emphasise to drivers that there is a change in environment. It is hoped that these changes will improve driver behaviour and offer an improvement to overall road safety. These 'gateway' features have been well received in many other areas.</p> <p>It is advised that concerns about traffic speed is directed towards Durham Constabulary.</p> <p>As part of our partnership approach to improving road safety, joint working with Durham Constabulary has enabled us to</p>	<p>Petition CLOSED</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<p>introduce an initiative known as ‘Community Speed Watch’. This initiative is about giving a degree of ownership to local communities and providing them with the opportunity to tackle the issues and perceptions around speed.</p> <p>Under the Community Speed Watch initiative, all speeding complaints are directed towards Durham Constabulary and their Police and Communities Together (PACT) meetings, enabling the appropriate level of intervention and action to be considered.</p>	
<p>Petition 422</p> <p>Road Safety Improvements – A177 Shincliffe Village/High Shincliffe</p> <p>E-Petition Received 15.08.22 No. of signatures</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to reduce the speed limit to 30mph on a 735m stretch of road, from the start of Willow Tree Avenue to part-way up Shincliffe Bank. (Note that a 40mph speed limit within County Durham is enforceable from 10%+2 = 46mph.) - Improve road signage to advise people of the approaching risks to reduce the number of accidents travelling southbound out of the city.</p>	<p>E-Petition to run from 20.8.22 – 20.11.22</p>
<p>Petition 423</p> <p>Request for traffic mitigation measures on Lowes Barn Bank</p> <p>E-Petition Received 15.08.22 No. of signatures</p>	<p>Michelle McIntosh Traffic Assets Team Leader</p>	<p>Petition asking the Council to provide short and long-term solutions to the continually worsening traffic problems on Lowes Barn Bank, a residential ‘c’ road:</p> <ul style="list-style-type: none"> - to mitigate the exceptionally large increase in car and HGV traffic using this road as an unofficial / unsigned diversion route in Summer/Autumn 2022 during the multi-month B6300 closure, and the resultant stationary traffic / chaos for much of the working day - including air quality monitoring. - to propose workable solutions to restrict HGVs from using this steep road as a short-cut, which we feel is a completely inappropriate and unsafe route for such vehicles, given the ‘c’ classification and character of the road - especially given the proximity to the alternative ‘A’ road routes. 	<p>E-Petition to run from 19.8.22 – 30.9.22</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
		<ul style="list-style-type: none">- to propose solutions to limit the speed of all vehicles to a safe speed at times of day when traffic is flowing - especially on the downhill approach to the sharp bend.	

**Corporate Overview and
Scrutiny Management Board**



7 September 2022

Notice of Key Decisions

Report of Corporate Management Team

Helen Lynch, Head of Legal and Democratic Services

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To consider the list of key decisions that is scheduled to be considered by the Executive.

Recommendation(s)

- 2 The Corporate Overview and Scrutiny management board is recommended to give consideration to items listed in the notice.

Background

- 3 New rules in relation to Executive decisions were introduced by The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, which came into force on 10 September 2012.
- 4 The regulations took away the requirement for the Executive to produce a Forward Plan of key decisions, however introduced that the decision maker cannot make a key decision unless a document has been published at least 28 clear days before the decision is taken, unless either a general exception or special urgency requirements have been met. The document which has to be published must state:
 - a) that the key decision is to be made on behalf of the relevant local authority
 - b) the matter in respect of which the decision is to be made

- c) where the decision maker is an individual, that individual's name and title if any and where the decision maker is a decision making body, its name and list of its members
 - d) the date on which or the period within which the decision is to be made
 - e) a list of the document submitted to the decision maker for consideration in relation to the matter of which the key decision is to be made
 - f) the address from which, subject to any prohibition or restriction on their disclosure copies of, or extracts from any document listed as available
 - g) that other documents relevant to those matters may be submitted to the decision maker
 - h) the procedure for requesting details of those documents (if any) as they become available.
- 5 The requirements also apply to an exempt matter as previously it did not strictly have to be included in the Forward Plan. Now a publicity document must contain particulars of the matter, but may not contain any confidential exempt information or particulars of the adviser or political adviser or assistant.
- 6 Notices of key decisions that are being produced meet the legal requirements of publication, as well as continuing to provide information for a four month period. Members will therefore be able to consider key decisions as previously for the four month period.

Current Notice of Key Decisions

- 7 The notice of key decisions that is attached to the report at Appendix 2, is the latest to be published prior to the papers for the Board being dispatched to members. The notice complies with the requirements for Cabinet to be able to take key decisions at the meeting held on 14 September 2022. It also contained information on those key decisions that are currently scheduled to be considered by the Executive up to 31 December 2022.

Contact: Michael Turnbull

Tel: 03000 269714

Appendix 1: Implications

Legal Implications

Will be reflected in each individual key decision report to Cabinet. To publish the notice of key decisions in accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Finance

Will be reflected in each individual key decision report to Cabinet.

Consultation

Will be reflected in each individual key decision report to Cabinet.

Equality and Diversity / Public Sector Equality Duty

Will be reflected in each individual key decision report to Cabinet.

Climate Change

Will be reflected in each individual key decision report to Cabinet.

Human Rights

Will be reflected in each individual key decision report to Cabinet.

Crime and Disorder

Will be reflected in each individual key decision report to Cabinet.

Staffing

Will be reflected in each individual key decision report to Cabinet.

Accommodation

Will be reflected in each individual key decision report to Cabinet.

Risk

Will be reflected in each individual key decision report to Cabinet.

Procurement

Will be reflected in each individual key decision report to Cabinet.

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SECTION ONE - CORPORATE

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Input
CORP/R/22/01	12/10/22	MTFP - Update on development of MTFP including consideration of options for consultation		Leader of the Council and Deputy Leader of the Council		Jeff Garfoot, Head of Corporate Finance and Commercial Services Tel: 03000 261946	Scrutiny members will have input into the formulation of the MTFP through COSMB meetings
CORP/R/22/02	16/11/22	Council Tax Base 2022/23 and Forecast Surplus / Deficit on Collection Fund		Leader of the Council and Deputy Leader of the Council		Jeff Garfoot, Head of Corporate Finance and Commercial Services Tel: 03000 261946	Scrutiny members will have input into the formulation of the MTFP through COSMB meetings
CORP/R/22/01	14/12/22	MTFP - Update on development of MTFP including analysis of the Autumn Statement		Leader of the Council and Deputy Leader of the Council		Jeff Garfoot, Head of Corporate Finance and Commercial Services Tel: 03000 261946	Scrutiny members will have input into the formulation of the MTFP through COSMB meetings

SECTION TWO - CHILDREN AND YOUNG PEOPLE'S SERVICES

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information
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SECTION THREE - ADULT AND HEALTH SERVICES

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information
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SECTION FOUR - REGENERATION, ECONOMY AND GROWTH

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Input
REG/08/22	16-Nov-22	Inclusive Economic Strategy		Portfolio Holder for Economy and Partnerships		Mike Allum, Spatial Policy Manager Tel: 03000 261906	The E&E OSC has previously provided comments to feed into the Econ-versation and will have a further opportunity to comment on the IES at the meeting of the E&E OSC on the 19 September 2022.
REG/09/22	12-Oct-22	Concessionary Fares Budget		Portfolio Holder for Economy and Partnerships		Mark Jackson, Head of Transport and Contract Services Tel: 03000 263577	

SECTION FIVE - NEIGHBOURHOODS AND CLIMATE CHANGE

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information
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