

DURHAM COUNTY COUNCIL

At a Meeting of **Cabinet** held in the **Council Chamber, County Hall, Durham** on **Wednesday 15 November 2023** at **9.30 am**

Present:

Councillor A Hoggood (Leader of the Council)

Cabinet Members:

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

Apologies:

Apologies for absence were received from Councillor Alan Shield

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meetings held on 11 October 2023 and 1 November 2023 were agreed as correct records and signed by the Chair.

3 Declarations of Interest

There were no declarations of interest in relation to any items of business on the agenda.

4 Council Tax Base 2024/25 and Forecast Surplus / Deficit on the Council Tax Collection Fund [Key Decision: CORP/R/23/02]

The Cabinet considered a report of the Corporate Director of Resources which set out the outcomes of the consultation and equalities impact assessment (EIA) of the proposals to make changes to the Council Tax premiums for empty homes and to introduce Council Tax premiums for properties classed as second homes, which are linked to the achievement of savings targets included in MTFP (14) and (where relevant to 2024/25) included within the 2024/25 tax base calculations. The report sought to determine the council's tax base for domestic properties liable to pay council tax and to report on the estimated council tax collection fund surplus / deficit as at 31 March 2024. The report also incorporated the outcomes of the consultation on the proposal to reduce the Local Council Tax Reduction Scheme (LCTRS) grant payments to Town and Parish Councils by 50%, phased in over the next two financial years, linked to the achievement of savings targets included in MTFP (14) (for copy of report see file of minutes).

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance explained the importance of the report as part of the annual budget setting process, more so this year as the report contained the outcome of the consultation on changes to policies on long term empty properties, the introduction of a second homes premium from April 2025 and the outcome of the consultation on LCTRS grant payments to Town and Parish Councils.

Councillor R Bell explained that calculating and forecasting the tax base was complicated and required officers to make prudent assumptions about what will happen over the next 18 months, both in terms of the number and type of property mix across the county but also on who will occupy those properties.

Those calculations had been more complicated this year due to the need to model the impacts of the proposals to vary long term empty property premiums policies from April 2024.

The government's Levelling Up and Regeneration Bill, which was passed into law in October, paves the way for local authorities to consider extra council tax charges on long term empty and second homes.

Given the position the Council found itself in, along with many other Council's across the country it was only right that this option was explored.

Councillor Bell thanked the officers for undertaking the consultation and the analysis of that consultation in the report.

There was recognition from those taking part in the consultation that proposals would reduce numbers of empty properties and therefore increase availability of housing, including affordable homes. Respondents also acknowledged that the proposals would generate spending power which would assist in trying to balance the Council's budgets.

It was pleasing to note that, inclusive of these policy changes, the Council Tax base used to calculate Council Tax next year showed an increase of 0.66% on the figure used to set the budget this year, and would allow £1.8 million of additional council tax revenues to be factored into budget planning.

Councillor Bell had referenced many times and lobbied Government about how the council suffered from a low tax base and therefore had limited council tax raising capacity compared to many other areas.

The report exemplified that very point given that 83.1% of all domestic properties across county Durham were in Bands A to C which was well above the national average of 65.4%. This placed the Council at a disadvantage compared to other authorities with higher proportions of properties in the higher council tax bands in terms of tax raising capacity.

Councillor S McDonnell, Cabinet Portfolio Holder for Digital, Customer Services and Procurement said that the Council needed to continue to lobby government to reform the unfair council tax system. It was a topic that had been debated from all sides of the Council Chamber on many occasions by all political groups and Councillor McDonnell looked forward to seeing a commitment from all political parties in their manifestoes for the next general elections. The commitment had been included in the North East Party Manifesto since 2014.

Resolved:

That the recommendations in the report be approved.

**5 Adoption of the Inclusive Economic Strategy Delivery Plan
[Key Decision: REG/07/2023]**

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to adopt the County Durham Inclusive Economic Strategy Delivery Plan developed through and owned by the County Durham Economic Partnership (CDEP) (for copy of report see file of minutes).

Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships informed Cabinet that the strategy had provided the catalyst to unite partners, stakeholders, and businesses around a bold and ambitious vision for the future. The use of the delivery plan allows a focus to find new and innovative ways of working that will allow the vision to be realised. The collaborative approach used throughout the development of the strategy had helped build new relationships with delivery partners who have welcomed the Council's open, positive and supportive approach. Councillor Scott placed on record her thanks to the team and partners for all the time and energy they had invested. The delivery plan provided real actions which would deliver tangible change in the economy and for communities in County Durham. The forthcoming investment plan would leave the Council best placed to secure external investment and benefit from the opportunities presented by North East Devolution. It was vital that the momentum built up over the last few years was maintained and all elected members had a crucial role in developing and promoting the strategy and plan. Councillor Scott acknowledged the continual, significant challenges, however, she pointed out that identifying, promoting opportunities in all communities would help ensure that as many people as possible could contribute to, and benefit from growth.

Councillor John Shuttleworth, Cabinet Portfolio Holder for Rural Communities and Highways said that the development of the plan had undergone a rigorous, inclusive process that provided valuable insights for the new plans. The time spent engaging with elected members and partners would help ensure that the strategy and delivery plan was realistic.

Councillor Chris Hood, Cabinet Portfolio Holder for Adult and Health Services explained that the economy was a key determinant of good health. In recent years, the links between public health and economic development had gained much prominence. The COVID-19 pandemic was swiftly followed by the cost of living crisis, and both put the interdependency of economy and health firmly in the spotlight. Economic development and the benefits that flowed from it were consistently associated with improved life expectancy. Good health was crucial to improve productivity. Economic growth and health considerations are front and centre of driving such growth. This is particularly relevant when we consider drivers of poor health and public health priorities, such as smoking and poor mental health. In County Durham it was pleasing to note that we were forging ahead with strategies, policies and programmes of work created through close collaboration between regeneration, economy and growth. The key product of our work was set out in the County Durham Inclusive Economic Strategy, which placed inclusivity from the centre, setting out a framework that included people as a priority. This placed a focus on old County Durham residents, particularly those who may be distant from the jobs market to get them into education, training and jobs that would enable them to benefit from the social and economic benefits that flow from and feed into economic activity.

Resolved:

That the recommendation in the report be approved.

6 Local Heritage Listing Project: Outcomes and Governance Proposals for the Future Identification of Non-Designated Heritage Assets [Key Decision: REG/09/2023]

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which detailed the outcomes of a Local Heritage Listings Project, its legacy through the publication of local lists for eight pilot areas, the entry of data on to the Historic Environment Record, and the use of the findings going forward in the development management function. Governance proposals for the future identification of non-designated heritage assets and the implications associated with this designation were also outlined (for copy of report see file of minutes).

Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships moved the report and explained that the County was one of 22 pilot areas invited to participate in the project. The non-designated heritage asset list was identified through extensive public engagement and showed the wide variety of heritage assets and the contribution they made to the historic environment of County Durham. The publication of the lists for the pilot areas signalled the conclusion of the current project and would be followed up with a supplementary planning document, supporting the management and regeneration functions of the Council.

In seconding the report, Councillor Ted Henderson, Cabinet Portfolio for Children and Young People's Services said that the publication of the list would allow for the promotion and protection of heritage which was valued by local communities and the contribution to the built natural environment of the County.

Resolved:

That the recommendations in the report be approved.

**7 External Contractor Staff Suitability Policy
[Key Decision: REG/06/2023]**

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which advised of the outcomes of a consultation on the introduction of the External Contractor Staff Suitability Policy which provides a clear process for anyone who wants to apply for, or renew, their authorisation to be deployed in the provision of transport for children and vulnerable adults via an external contractor on behalf of the council (for copy of report see file of minutes).

Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships spoke of the importance of safeguarding children and vulnerable adults that used Home to School and Adult Social Care transport. Councillor Scott fully supported the formalising of the current practise, the introduction of an appeals process and publishing of the external Contractors Staff Suitability policy. These measures would ensure a clear and transparent process, assist applicants that had cautions or convictions by way of the appeals process. Councillor S McDonnell, Cabinet Portfolio Holder for Digital, Customer Services and Procurement fully supported the recommendations set out and highlighted the responsibility of the Council to protect vulnerable user, vulnerable members of society, drivers and passenger assistants engaged in home to school and adult social care transport.

Resolved:

That the recommendations in the report be approved.

8 Forecast of Revenue and Capital Outturn 2023/24 - Period to 30 September 2023 and Update on Progress towards achieving MTFP (13) savings

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

- (a) the forecast revenue and capital outturn at 31 March 2024, based on the position to 30 September 2023;
- (b) an update on the dedicated schools grants and forecast schools' outturn as at 31 March 2024, based upon the position to 30 September 2023;
- (c) the forecast for the council tax and business rates collection fund outturn at 31 March 2024, based on the position to 30 September 2023; and
- (d) details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2023/24 and the estimated balances that will be held at 31 March 2024.

The report also sought approval of the revised 2023/24 capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided Cabinet with an update on progress towards achieving MTFP (13) savings in 2023/24 (for copy of report see file of minutes).

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance thanked officers for the detailed and comprehensive report and budget managers across the Council for their continuing efforts to manage budgets.

Unavoidable cost pressures being experienced were immense. The ever escalating demand for Children's Social Care and the complexity of the needs of some of those children in particular was resulting in significant overspends.

It was pleasing to note that there were some cash limit underspends forecast in Adult and Health Services, Resources and the Chief Executives Office, offsetting the overspending forecast in Regeneration Economy and Growth and Neighbourhoods and Climate change – the net underspend being around £1 million to year end.

Children and Young People's Services forecast overspend had risen from £5.2 million at quarter one to £6.2 million at quarter two and within this there were higher overspends forecasted in the looked after children budget, where the placements budget had forecasted to overspend by £7.1 million now, £1.3 million more than was previously forecast. There was a concern that £8 million of budget growth contained within MTFP forecasts next year may need to be revised upwards. The cash limit overspend within the Service was significant and would need to be met corporately, from the General Reserve.

There were corporate underspends that could cover off this position as a one off measure, with additional investment income and savings on capital financing costs through delaying borrowing and on the general contingencies budget that offset the CYPs outturn.

The updated forecasts showed a contribution to the General Reserve in year – a £3.2 million corporate underspend – meaning that the General Reserve would be £29.3 million at the year end, 5.6% of the councils net revenue budget.

Officers were undertaking a review of the reserve position, as they do every year. However, there may be a need to bolster some earmarked reserves at year end and transfer some of the general reserve.

Overall, excluding schools' balances, earmarked reserves were now forecasted to fall by just over £33 million this year – around £1 million less than what was forecast at quarter one.

The forecast cash limit, general reserves, and earmarked reserves position for the Council, although forecast was to reduce to the year end, which still demonstrated strong financial standing.

In terms of the Collection Fund forecasts it was pleasing to note that the in-year and cumulative deficit on the Council Tax Collection Fund was fully offset by a forecast surplus on the Business Rates Collection Fund, taking into account the s31 grant received for the various business rates reliefs administered in year.

The amended Capital Programme, taking into account re-profiling and new grants and contributions secured since consideration of the quarter one report resulted in 2023/24 capital programme of circa £313 million this year.

Councillor Bell fully supported the amendments made to the capital budgets as outlined in the papers and noted the good performance against the various prudential indicators agreed by Council in February.

Disappointingly, but not entirely unexpectedly, there was now a forecast overspend on High Needs DSG funding block of £2.1 million to year end, compared to quarter one when there was a modest £245,000 forecast underspend forecast. This overspend was particularly worrying.

The Leader of the Council echoed the comments from Cllr R Bell and said that accurately forecasting and keeping track of the finances in a council of the scale and complexity of Durham was undoubtedly challenging, but managing our finances was a key issue for us all, particularly at a time when the Council was facing unprecedented demand and volatility in terms of cost pressures and an uncertain outlook in terms of future finance settlements. Robust financial management of the Council had consistently been recognised the Value for Money assessments from External Auditors and Councillor Hopgood fully expected this would once again be the case when presented to the Audit Committee.

Many of the inflationary and demand pressures in the report would continue into next year and together with the uncertainty the financial settlement from government for next year, the Council would continue to be in a very difficult place in terms of our budget planning for 2024/25 and the MTFP position going forward.

The Cabinet would need to carefully reflect on the updated forecasts in terms of the impact on the 2024/25 budget and on the MTFP position considered at Cabinet in October when the updated position is presented to Cabinet in January 2025. Particularly the increased pressures on our looked after children's placements budgets. Financial forecasts would be key and the details would be more clear following the Autumn Statement and the draft Local Government Finance Settlement.

Resolved:

That the recommendations in the report be approved.

9 Regulation of Investigatory Powers Act 2000 Annual Review of the Council's use of powers

The Cabinet considered a report of the Head of Legal and Democratic Services which informed Cabinet about the Council's use of its powers under the Regulation of Investigatory Powers Act 2000 ('RIPA') during the period of 1 April 2022 to 31 March 2023 and sought approval of the Council's Corporate RIPA Guidance, which has been subject to an annual review (for copy see file of minutes).

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance thanked the Head of Legal and Democratic Services for the report which enabled Cabinet to have oversight and review of RIPA.

Councillor Bell commented that Durham were one of small number of authorities that made use of direct surveillance and covert human intelligence sources, where appropriate. These were a helpful tool in the Council's armoury to investigate underage sales of alcohol and tobacco. It was important to note that the inspection highlighted that the powers and training arrangements in place, were robust and in conjunction with home office guidance. The report was very positive, and officers should be commended for their work in achieving these outcomes. The small number of changes suggested would provide for greater openness and accessibility in terms of how the council used its surveillance powers.

Councillor M Wilkes, Cabinet Portfolio Holder for Neighbourhoods and Climate Change spoke of the important role the Council had in this area. The sale of illicit tobacco and sale of alcohol to those under the legal age had negative impacts on children and young people and was linked to anti-social behaviour. The ability to use powers assisted the Council in investigating offences, educating retailers and to take enforcement where appropriate.

Councillor C Hood, Cabinet Portfolio Holder for Adult and Health Services explained that tobacco control was one of four key priorities for County Durham which had been identified for action by the Health and Wellbeing Board.

During 2022/23 new young volunteers were recruited to undertake test purchase attempts to test legal compliance of retailers. Test purchase visits were made to address concerns and complaints regarding the sale of nicotine vapes to young people under the age of 18. This had resulted in a large number of sales by retailers, failing their legal obligations. Follow up investigations had been undertaken and a number of measures implemented where appropriate, including staff training and refresher training, strengthening challenge 25 policies, completion of refusal registers and more training relating to proxy sales.

The Public Health team were supporting the Tobacco Control Alliance and wider partners, including members of the public and consumer protection, to develop a multi-agency response to the proposed legislations set out in the Government published command paper. This included the outcome of a system-wide consultation which would be submitted to Department of health and Social Care (DHSC) on the 6th December 2023.

Resolved:

That the recommendations in the report be approved.

10 Single Homeless Accommodation Programme

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the Single Homelessness Accommodation Programme (SHAP) and sought approval for a funding bid submitted to Homes England and Department for Levelling Up, Housing and Communities (DLUHC), which requires match funding, albeit on a self-financing basis (for copy of report see file of minutes).

In moving the report Councillor J Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Asset explained the significant benefits in progressing the programme which would reduce the level of rough sleeping in the County, a key priority set out in the homelessness and rough sleeping strategy which had been developed in line with government guidance. Councillor Rowlandson quoted a number of statistics regarding rough sleepers and the factors leading to the numbers of rough sleepers. The funding bid would assist with the unmet need in the County and support the Council's priority to reduce the use of temporary accommodation.

In Seconding the report, Councillor C Hood, Cabinet Portfolio Holder for Adult and Health Services explained promoting health and wellbeing was crucial due to the significant social expense associated with rough sleeping.

Councillor Hood highlighted that the lack of a settled home could cause or intensify social isolation, as well as create barriers to education, training and paid work and undermine mental and physical health. When homelessness became prolonged, or was repeatedly experienced, there were further deteriorations in health and well-being.

SHAP funding provided an opportunity to create new accommodation pathways coupled with intensive support for complex cohorts of people that housing solutions find challenging to source accommodation.

Resolved:

That the recommendations in the report be approved.

11 Exclusion of the public

Resolved:

That under Section 100(a)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely discussion of exempt information as defined in paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Act.

12 Acquisition of Coach Lodge, Witton Gilbert and Copeland Barns, West Auckland

The Cabinet considered a joint report of the Corporate Director of Regeneration, Economy and Growth and the Corporate Director of Children and Young People's Services which sought agreement for the acquisition of two properties and associated amendments to the delegated authority of the Corporate Director of Regeneration, Economy and Growth (for copy of report see file of minutes).

Resolved:

That the recommendations in the report be approved.