Durham County Council

Cabinet

Date **Wednesday 4 December 2024**
Time **9.30 am**
Venue **Council Chamber, County Hall, Durham**

Business

Part A

Items which are open to the public and press

1. Public Questions
2. Minutes of the meeting held on 13 November 2024 (Pages 3 - 10)
3. Declarations of Interest

Key Decision:

4. Medium Term Financial Plan (15) 2025/26-2028/29
 - Report of Corporate Director of Resources
 [Key Decision: CORP/R/2024/001] (Pages 11 - 144)

Ordinary Decisions:

5. Forecast of Revenue and Capital Outturn 2024/25 - Period to 30 September 2024 and Update on Progress towards achieving MTFP (14) savings
 - Report of Corporate Director of Resources (Pages 145 - 202)
6. Social Housing Allocations Policy Review - Consultation on Key Issues
 - Report of Corporate Director of Regeneration, Economy and Growth (Pages 203 - 272)
7. Towns and Villages Programme
 - Report of Corporate Director of Regeneration, Economy and Growth (Pages 273 - 298)
8. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration
9. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

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

Key Decision:

10. High Needs Capital Provision - Acquisition of Land and Buildings south of Coulson Street, Spennymoor
- Joint Report of Corporate Director of Children and Young People's Services and Corporate Director of Regeneration, Economy and Growth **[Key Decision: REG/2024/010]**
(Pages 299 - 342)

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

Helen Bradley
Director of Legal and Democratic Services

County Hall
Durham
26 November 2024

To: **The Members of the Cabinet**

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

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

DURHAM COUNTY COUNCIL

At a Meeting of **Cabinet** held in the **Council Chamber, County Hall, Durham** on **Wednesday 13 November 2024** at **9.30 am**

Present:

Councillor A Hopgood (Leader of the Council)

Cabinet Members:
Councillors R Bell (Deputy Leader of the Council), T Henderson, S McDonnell, A Shield, J Shuttleworth and M Wilkes

Apologies:
Apologies for absence were received from Councillor Chris Hood, Councillor James Rowlandson and Councillor Elizabeth Scott

Also Present:
Councillor Chris Lines and Councillor Julie Cairns

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 16 October 2024 were agreed as a correct record 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 2025/26 and Forecast Surplus / Deficit on the Council Tax Collection Fund - Key Decision: CORP/R/2024/002

The Cabinet considered a report of the Corporate Director of Resources which sought to determine the council's tax base for domestic properties liable to pay council tax, which was an important component in the council's budget setting process for 2025/26 and to report on the estimated council tax collection fund surplus / deficit as at 31 March 2025 (for copy of report see file of minutes).

In moving the report, the Deputy Leader thanked the Corporate Director and his team, noting the importance and complexity of setting the tax base, and declaring the forecast surplus or deficit on the council tax collection fund. The calculations had been more complicated due to the impacts of the changes with regards to the introduction of the second homes premium. Following the introduction of the Levelling Up and Regeneration Act and consultation in 2023, the Council had amended the long-term property premium policy to apply a 100% premium on properties classed as second homes from April 2025.

The Council Tax base for 2025-26 showed an increase of 1.42% on the figure used to set the budget for 2024-25, which provided £3.3 million of additional council tax revenues into budget planning and was £2.8 million more than the initial forecasts which had been previously presented to Cabinet.

The Deputy Leader confirmed that he had consistently lobbied Government about the impact of the low tax base in County Durham and the limited council tax raising capacity compared to many other areas. He confirmed that 83% of all domestic properties in County Durham were in Bands A to C which was well above the national average of 65.3%. This disadvantaged the Council in terms of its tax raising capacity when compared to other authorities with higher proportions of properties in the higher council tax bands. The Council were unable to generate sufficient income from increases in council tax and therefore unable to meet basic inflationary pressures, let alone escalating demand or investment in improvements and this increased reliance on central government funding. Council Tax only funded around 21% of the Council's gross expenditure and the Council relied on support from central government through the local government finance settlement.

The Deputy Leader acknowledged that members of the public would be frustrated that the Council were increasing Council Tax in addition to reducing services and making savings, however this was due to the huge financial strain of statutory social care services. In terms of the Councils future funding position, the Government had made some positive statements in the Budget about seeking to revise the local government grant distribution formula to better take into account need, deprivation and council tax raising capacity. Without a boost to the funding position, the Council would be faced with a very challenging position across the coming years and have some difficult choices to make in terms of service cuts.

The Council Tax Collection Fund was forecast to have a surplus to the year end of £1.806 million and our share of this is £1.520 million. The Police and Fire authorities had been notified of the position for budget planning purposes. With regards to the Local Council Tax Reduction Scheme grant payments, the Council would make a £1 million of grant payments to Local Town and Parish Councils next year, it was reduced in line with the approved reductions between 2024/25 and 2026/27 however it was not a statutory requirement and the majority of other councils did not make these payments. Retaining payments at £750,000 once the agreed budget savings had been delivered would still represent a significant financial commitment to local Town and Parish Councils.

In seconding the report, the Leader thanked the Corporate Director and Officers in Resources for the report. She reiterated the complex nature of the report and the importance of the budget setting process.

The policy changes following consultation in 2023 would assist to bring into use empty properties and the changes were policy decisions mirrored in the majority of other Councils. It was pleasing that the tax base had grown however the council tax raising capacity continued to be inhibited by County Durham's low tax base which she hoped would be addressed by the Government.

Resolved:
That the recommendations in the report be approved.

5 Regulation of Investigatory Powers Act 2000

The Cabinet considered a report of the Director 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 2023 to 31 March 2024.

The report also asked Cabinet to consider and adopt the annual review of the Council's Corporate RIPA Guidance following consideration by the Corporate Overview and Scrutiny Management Board on 28 October 2024 (for copy of report see file of minutes).

In moving the report, the Deputy Leader welcomed the opportunity to review the Council's use of the RIPA which enabled the Council to use surveillance to investigate and prevent the sale of illicit tobacco and counterfeit goods. The appropriate use of RIPA enabled the Council to safeguard the health and wellbeing of communities. The Council were expected to review its corporate guidance and RIPA Policy on an annual basis and there were no significant changes, other than to determine whether authorisation was required for the use of social media for investigations.

Councillor Wilkes, Portfolio Holder for Neighbourhoods and Climate Change, reiterated the Councils role in preventing the sale of illicit tobacco and counterfeit goods which had harmful effects on the health and wellbeing of children and young people. It was linked to antisocial behaviour and in some cases organised crime. The ability to use RIPA to investigate criminal activity, educate retailers and take enforcement action where appropriate, was crucial to improve lives and health of residents.

Councillor Wilkes thanked all Officers involved in overseeing the Councils use of surveillance and for ensuring the powers were effectively.

Resolved:
That the recommendations in the report be approved.

6 Highways Asset Management Plan (HAMP)

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which provided an update on the Highways Asset Management Plan (HAMP), including investment and highway condition across the county (for copy of report see file of minutes).

In moving the report, Councillor Shuttleworth, Cabinet Portfolio Holder for Highways and Rural Communities confirmed that the report demonstrated the Councils continued commitment to maintain and invest in the highway network and infrastructure. The highway network represented one of the highest value Council maintained assets and its condition and stability remained a priority. Due to investment in recent years the highway network remained good condition and this was visibly evident when comparing to other regions. Work would continue to ensure that County Durham received as much funding as possible and he welcomed the recently announced budget for potholes.

Councillor Shuttleworth commended the work undertaken by the highways teams to deliver a quality service. The HAMP underpinned their work by setting out a policy and establishing the conditions of assets to ensure the Council continued to deliver.

Councillor Wilkes seconded the report and reiterated the importance of the HAMP which set out areas of strength and areas that needed further investment. The joint administration were committed to improve the condition of the highway network with a focus on unclassified roads having had been identified as requiring improvement in previous plans. This goal had been achieved despite challenges of high inflation and increased material prices.

The Council had laid the first net zero road in the region, deployed AI to support highways inspectors and trialled nature friendly street lighting. This Council remained committed to improving condition of highway structures and the HAMP provided the information and framework to do this effectively. Over recent years the Council had invested more money than ever before to the highway network and this work would continue.

Resolved:
That the recommendations in the report be approved.

7 Community Engagement Review

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the community engagement review project, in particular proposals for the governance, funding, and branding arrangements to replace Area Action Partnerships with a Local Network model.

The report also provided an update on the outcomes of the Local Network Boundary consultation exercise and sought approval on proposals to change the current 14 Area Action Partnership (AAP) boundaries to create 12 new Local Networks (for copy of report see file of minutes).

Councillor C Lines, representing Sedgefield Division, asked a question with regards to proposal to link Sedgefield and Newton Aycliffe and that there was an imbalance in the size of the two settlements which could impact funding allocation due to representation on the Local Network Panel. He was not satisfied that his concerns had been addressed and asked the Cabinet for reassurance that there were robust safeguards in place to prevent a single area from benefitting from Local Network Funding.

Councillor A Shield, Cabinet Portfolio Holder for responded to confirm that one of the key principles driving the move to a new Local Network model was to ensure that funding was spent in a strategic way, and used to address locally agreed priorities. The Local Network plans would guide spending over 4 year periods. This would ensure that funding was used to tackle issues identified as priorities across the Local Network area, and safeguard spend disproportionately going to a single area, unless already agreed as a specific priority for investment.

The four year funding cycle would also allow more time to be spent understanding an individual area. The Local Network approach would ensure that prior to any use of funding, local networks would have the strengthened information through the alignment to new electoral boundaries.

This would be combined with wide reaching community engagement to ensure a full picture of the opportunities to improve the whole area for all those who lived within it. It should also be noted that Neighbourhood Budgets were aligned to individual local ward members, meaning that there was already a healthy proportion of funding that was likely to be spread across the whole geography.

As a final point, whilst the Local Network budgets provided a very useful level of local investment, Local Networks were much more than funding vehicles, they were about harnessing the resources within a community. Although Durham County Council was offering a level of funding and devolution not available in most local authorities, the funding was modest when set in the wider council and partner investment that took place in every area of the county, but was about added value. By guiding funding through four year investment plans it would allow the Council to better align different funding strands and maximise the outcomes for communities, this would also help in resource planning for the interventions to support delivery.

Councillor Shield moved the report on behalf of Councillor E Scott, Portfolio Holder of Economy & Partnerships. The report highlighted proposals for a new engagement mechanism for the Council to effectively engage with communities. The new structure addressed the concerns raised in relation to the operating procedures Area Action Partnerships and revisions had been made to strengthen governance, terms of reference and improve guidance and processes in relation associated Local Network funds and County Council grants. To promote further engagement with communities, there were increased opportunities through enhanced and targeted community development activities.

He thanked all partners and stakeholders who had taken part in the engagement and consultation process and the AAP staff who had continued to maintain a high level of service delivery.

Councillor S McDonnell, Cabinet Portfolio Holder for Digital, Customer Services and Procurement confirmed that the community engagement review had been carried out with substantial work undertaken to understand the Councils main community engagement function of the AAP's and provide an improved arrangement to engage with part stakeholders and communities. The new structure would improve community engagement and provide better opportunities for wider and more effective engagement. The measures outlined in the report would build on the strengths of AAP's and provided improved ways of working.

Resolved:
That the recommendations in the report be approved.

8 Biodiversity and Non-designated Heritage Asset Supplementary Planning Documents

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on the second draft of the ‘Biodiversity’ and ‘Non-designated Heritage Asset’ (NDHA) Supplementary Planning Documents (SPDs). The SPDs supported the County Durham Plan (CDP) adopted in October 2020 (for copy of report see file of minutes).

Councillor Wilkes, Cabinet Portfolio Holder for Neighbourhoods and Climate Change referred to the public perception of consultations and that they may seem unnecessary or irrelevant, however he urged residents to support the second round of the consultation process. He confirmed that too many developments were taking place across the country with no consideration to ecology and biodiversity. This supplementary document would ensure that County Durham would lead the way to protect at risk species and the wider environment.

Each individual point in the Biodiversity SPD was important, even the small basic provisions, including the requirement for new developments to provide integrated bird boxes and access for hedgehogs in fencing. The SPD would ensure that any impact on biodiversity was improved beyond its original state and the start date set before any planning applications.

The Council recognised that there were limitations due to national planning guidelines, but would encourage developers to go beyond minimum national standards where possible, to futher improve biodiversity.

Resolved:
That the recommendation in the report be approved.

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Cabinet

4 December 2024

Medium Term Financial Plan (15) 2025/26 – 2028/29

CORP/R/2024/001

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 This report provides an update on the development of the 2025/26 budget and the Medium-Term Financial Plan (MTFP(15)) covering the period 2025/26 to 2028/29, including updated financial planning assumptions, some of which reflect announcements made in the Chancellor of the Exchequer's Autumn Budget Statement, presented to the House of Commons on 30 October 2024.

2 The report includes details of further additional savings proposals that can be considered to help balance the budget next year and beyond, which are in addition to the savings which were approved on 28 February 2024 as part of MTFP (14) and cut across this MTFP planning period. These additional proposed savings will be subject to a second phase of budget consultation, running from Friday 6 December 2024 to Friday 17 January 2025. The second consultation will build on the phase one budget consultation which closed on Friday 1 November 2024, the outcomes of which are outlined in this report.

Executive Summary

3 The Council has operated in a period of significant financial uncertainty for many years. The 2024/25 budget was approved on 28 February 2024, and the budget identified several continued challenges relating to high levels of inflation during 2022/23 and 2023/24, and a rapid / sustained increase in demand for statutory (social care) service provision in recent years.

4 On 18 September 2024 Cabinet considered a report which set out the scale of the financial challenge facing the Council as part of its fifteenth Medium Term Financial Strategy, covering the period 2025/26 to 2028/29 – known as MTFP (15). That report noted that the financial planning position for the Council remained very challenging over the next four financial years, with a significant budget deficit / savings requirement of £64.130 million forecast - £21.720 million of which was forecast to fall into 2025/26. It was identified that the deficit would not be addressed unless additional funding was forthcoming or further extensive savings could be found to reduce the Council's cost base, The report highlighted that a comprehensive Transformational Change Programme to address the medium-term financial challenges would be required.

5 The financial forecasts presented to Cabinet on 18 September 2024 assumed annual 2.99% increases in the Council's Core Council Tax charges every year across the MTFP (15) planning period and assuming the savings proposals agreed in February 2024 for the period between 2025/26 to 2027/28 were all delivered. The overall position in September 2024 is set out in the Table below, which compares the updated forecasts at that time to the position that was set out in February 2024 when the 2024/25 budget and MTFP (14) forecasts were approved:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**TOTAL £'000**
MTFP (15) Forecast Budget Deficit / Savings Requirement – Sept 2024	21,720	23,671	10,622	8,117	64,130
MTFP (14) Forecast Budget Deficit / Savings Requirement (2025/26 to 2027/28 Only) – Council Feb. 2024	16,789	11,915	9,129	N/A	37,833
Increase / (Decrease) in Forecast Budget Deficit / Savings Requirement Between MTFP (14) and MTFP (15).	**4,931**	**11,756**	**1,493**	**8,117**	**26,297**

6 Since the September report was considered, the MTFP (15) forecasts have needed to be updated. Several of the specific assumptions made when the previous forecasts were prepared, including assumed incremental changes in forecast government funding, council tax and business rate income, as well as updated assumptions on base budget pressures that need to be addressed and catered for in our MTFP planning across the next four financial years have changed. The updated forecasts have also been informed by the new Government's Autumn Budget Statement, which was presented to the House of Commons on 30 October 2024.

7 Whilst the Autumn Budget Statement provided an indication of some additional funding for local government, the method by which some of this funding will be distributed remains uncertain and will not be known in more detail until the Local Government Finance Settlement is announced on 19

December 2024. The Government subsequently have indicated that local authorities will be able to raise council tax by 5%, however this is still to be confirmed and we will not get full clarity until the Local Government Finance Settlement is published.

8 The updated MTFP (15) forecasts set out in this report reflect amendments in relation to:

(a) Additional social care grant which has been allocated to local government as part of the Autumn Budget Statement (£7 million), which is however dwarfed by the significant unavoidable additional costs the council will face in both adult and children’s social care next year (£28.282 million).

(b) An improved Council Tax Base position, which was set out in the report to Cabinet on 13 November and which reflects increases in house building across the County, changes to the charging arrangements for properties which are termed as long-term empty, and a number of properties being brought back into Council Tax following changes to holiday let and AirBnB arrangements (£2.8 million of additional council tax revenues).

(c) Updated assumptions on the consumer prices index (reflecting the drop to 1.7% as per the September 2024 CPI announcement) – which reduces some cost lines of the Council in 2025/26, but also reduces the assumed inflationary increases for uplifts relating to Business Rates supplementary grant funding (reduction in Government grant uplift of £1.312 million). It is worth noting that the October 2024 CPI rate increased back up to 2.3% from the 1.7% rate reported in September 2024, which is now in excess of the Bank of England’s targeted level of inflation. The assumed inflation rates for later years have been uplifted by more than the rates assumed on 18 September, to reflect forecasts set out by the Office of Budgetary Responsibility as part of the Autumn Budget Statement (increase in Government grant uplifts of £3.140 million).

(d) Uplifted assumptions for the 2025/26 and 2026/27 Local Government pay award, considering the National Living Wage rate from 1 April 2025 announced on 30 October 2024 which will undoubtedly influence the level at which the 2025/26 local government pay award is settled. The 6.7% increase in the National Living Wage from 1 April 2025 will result in an increase in the NLW to £12.21 per hour, was higher than the 5% increase assumed in our MTFP planning.

(e) Increased Employer National Insurance costs because of the Chancellor increasing the employer rate of Employer National Insurance contributions from 13.8% to 15%, and more significantly, reducing the financial threshold at which point an employer pays national insurance on behalf of their employee from £9,100 per annum to £5,000 per annum. The Government have indicated that local government and the wider public sector will be fully compensated for these rising national insurance costs on their direct employment costs (estimated at c£6 million for the Council), but the quantum of funding, its source and its basis of allocation remain uncertain – the updated MTFP(15) forecasts have assumed this is cost neutral at this stage.

(f) Increases in costs of adult social care, which are directly influenced by the higher-than-expected increase in National Living Wage rate announced on 30 October 2024 and which also needed to be updated to reflect the increased employer national insurance costs the sector will face next year which they will seek to pass onto the council. The NLW and the Employers National Insurance changes will have a direct inflationary impact on the rates of fees charged by adult social care providers next year and beyond and have resulted in significant increases in these unavoidable forecast cost pressures across the MTFP (15) planning period (updated estimates are £5.423 million higher than forecast in September).

(g) Increases in the budgetary growth provision made for Home to School Transport across the four-year period reflecting a more detailed analysis of the causal demand pressures and underlying drivers of these costs and the impact of NLW and Employer's National Insurance changes on these budgets (£1.591 million higher next year and £3.816 million across the four-year period).

(h) A new and additional budget allocation of £0.680 million – building on the £2.6 million factored into the 2024/25 budget - to reflect continuing rising financial challenges relating to the Housing Benefit Subsidy loss, which is driven by an increased demand for temporary and supported accommodation, which is driven in part by the rise in unregistered housing providers across the County.

(i) A reprofiling and change to assumptions regarding the strategically important waste management budget – including consideration of the timing of new legislation been introduced, how this will be funded and the timing of when the new Teesside Waste Facility will be coming online (£3 million budget pressure in 2026/27 reprofiled to 2028/29).

(j) Revised assumptions around the timing and the costs of required new borrowing, and the resultant additional capital financing budgets required to service the Council's growing Capital Financing Requirement (£3.5 million of capital financing budget reprofiled from 2026/27 to 2025/26); and

(k) Assumed savings from energy (gas and electricity contracts) following a settling in the energy markets during 2024/25, which is expected to continue into 2025/26 (£2 million budget reduction applied in 2025/26).

9 A significant budget pressure facing the Council relates to the increased placement costs in Looked After Children's budget, which are significantly overspending in 2024/25 and require additional budgetary growth of £23.857 million across the Medium-Term Financial Strategy. This report does not amend the growth assumptions set out in the 18 September 2024 Cabinet Report at this stage. The forecasts have been assessed in more detail as part of a detailed diagnostic exercise undertaken by Newton Europe – who are specialists in analysing high-risk local authority budgets and this report outlines some of the broad findings of that review and the next steps in terms of developing an updated LAC Sufficiency and Commissioning Strategy to help manage these budgets. There is a risk however that these financial assumptions may need to be revised upwards before the budget is finalised.

10 Factoring in the various updated assumptions, the known outcomes of the Autumn Budget Statement and before consideration of the new savings proposals that have been developed, updated MTFP (15) Budget Deficit / Savings Requirement, has worsened when compared to the forecasts that were set out in the September report:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**TOTAL £'000**
MTFP (15) Forecast Budget Deficit / Savings Requirement – December 2024	25,615	18,912	12,455	12,806	69,788
MTFP (15) Forecast Budget Deficit / Savings Requirement – September 2024	21,720	23,671	10,622	8,117	64,130
Increase / (Decrease) in Forecast Budget Deficit / Savings Requirement Between MTFP (14) and MTFP (15).	**3,895**	**(4,759)**	**1,833**	**4,689**	**5,658**

11 These escalating challenges are driven by continuing inflationary and demand pressures and significant uncertainty in terms of future financial settlements for local government and how available funding will be shared between local authorities. The Autumn Budget Statement indicated that local government will be allocated a one-year financial settlement in 2025/26, with a Comprehensive Spending Review to be undertaken in 2025/26 to inform a multi-year settlement from 2026/27. There were several announcements made on 30 October, where the finer details of will not be confirmed until 19 December 2024, which is very late in the Budget-Setting process.

12 There remains some uncertainty about the flexibilities and parameters within which local authorities will be able to raise council tax in 2025/26 – although the Government have subsequently indicated that councils will be permitted to raise Council Tax by 5% (potentially to include a 2% Adult Social Care precept to be applied next year at least). Whilst many other authorities are factoring that into the budget planning assumptions already, the updated MTFP (15) forecasts set out in this report do not at this stage. There will be a need to update the MTFP (15) forecasts following publication of the draft Local Government Finance settlement on 19 December, when, amongst other things, the council tax raising powers will be clarified.

13 There was confirmation in the Autumn Budget Statement that there are plans to reform local authority funding (especially the distribution methodology), during 2025, for implementation in 2026-27 - to ensure funding allocations reflects an up-to-date assessment of need and local tax-bases. This will coincide with the Government undertaking a Comprehensive Spending Review in 2025. This council has been calling for these changes for many years to address the inequities and unfairness in the current system, which significantly disadvantages authorities like ourselves.

14 Ministers are also considering making distributional changes in funding for 2025-26 as well: “starting with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27”. It is not clear at this stage to what extent the Council’s funding position would change as a result and therefore no amendments have been made to MTFP (15) assumptions for 2025/26 or for years 2-4 at this stage. More details will be provided in the provisional local government finance settlement on 19 December 2024, and this will be factored into a further report to Cabinet in January 2025.

15 Whilst the commitment to review how local government funding is allocated is to be welcomed, Cabinet should bear in mind that any fundamental changes may be heavily dampened and smoothed in over several years. This would protect the Council should it see a net reduction in the quantum of funding (unlikely given its levels of need and low tax base / tax raising capacity); however, it would also delay the receipt of a required increase in funding should it be a net gainer from any funding formula changes. The aspirational timescales to successfully amend national funding formulae from 2026/27 will also be quite challenging for the Government and may be conditional on wider structural reform of local authorities in England (e.g. a removal of two-tier government and a move towards unitary structures across the country which would be a longer lead-in time to implement).

16 There remains some uncertainty about specific ring-fenced funding pots associated with adult social care – including Better Care Fund, Public Health Grant, Adult Discharge Grant and the Market Sustainability

Improvement Fund. These grants could be top-sliced or discontinued to fund the additional social care funding announced in the Autumn Statement.

17 Because the Local Government Finance Settlement will not be received until just before Christmas, once again, local authorities are having to make budget planning arrangements without detailed information on the allocation of local government funding. This is not conducive to good financial planning and will only be resolved once the sectors are provided with the certainty it needs through a multi-year settlement.

18 Savings are forecast to be required in all years of MTFP (15) as unavoidable budget pressures outstrip the funding the Council is forecasting it will receive from Government and its ability to generate additional income from business rates and council tax. The updated forecasts set out in this report continue to assume the Council will increase Council Tax by 2.99% each year. Should the Government allow local authorities increased flexibility to raise council tax by 5%, the strong advice from the Section 151 Officer will be that Council Tax is increased by the maximum permitted in order to help balance the council's budget, protect front line service delivery and avoid an over-reliance on reserves.

19 The delivery of an additional £69.788 million of budget savings over the next four years will be extremely challenging and will require a fundamental rethink and significant transformational change to deliver. Changes of this magnitude will require careful planning to deliver and would result in several services currently delivered by the council having to be discontinued, delivered differently and significantly reduced.

20 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 now much more challenging, the scope for further savings in managerial and back-office efficiencies is reaching its limits following the delivery of £270 million of savings up to 31 March 2025.

21 The total savings required at this stage for 2025/26 to balance the budget amounts to £25.615 million. This is £3.895 million higher than the position previously forecast and presented to Cabinet in September.

22 There are £3.389 million of savings approved as part of MTFP (14) that can be delivered in 2025/26, with the savings previously agreed having been reprofiled (and brought forward) in relation to changing the way the Council will deliver its Customer Access Points from October 2025. A further £3.184 million of MTFP (14) savings are planned for 2026/27, followed by £0.754 million of MTFP (14) savings in 2027/28.

23 The updated schedule of previously agreed (in February 2024) MTFP savings is set out at Appendix 2. In terms of the previously agreed savings, CYPS have identified options to replace savings relating to

accommodation and fees and charges (previously agreed in February 2024) with enhanced savings relating to the gradual reduction in historic further education pension fund liabilities. The previously agreed savings have also been adjusted to reflect the policy decisions now taken on Home to School Transport provision, which are now factored into the net budget growth figures included in the updated MTFP (15) forecasts.

24 Officers have worked with Cabinet members to develop new savings proposals to help balance the budget and MTFP (15) position. The new savings proposals that have been developed total £15.836 million and are profiled across the four years, though the majority relates to 2025/26. Despite these proposed savings there remains a significant budget gap in 2025/26 and across the entire four-year MTFP (15) time-period. These new savings are itemised in Appendix 3. Factoring in the proposed savings the updated MTFP (15) forecasts can be summarised as follows:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**TOTAL £'000**
MTFP (15) Forecast Budget Deficit / Savings Requirement – December 2024	25,615	18,912	12,455	12,806	69,788
New MTFP (15) Savings Proposals	(14,654)	(667)	(515)	1	(15,836)
MTFP (15) Budget Deficit / Savings Requirement After New MTFP (15) Savings Proposals	**10,961**	**18,245**	**11,940**	**12,807**	**53,952**
Budget Deficit / Savings Requirement in 2026/27 assuming 2025/26 position is balanced by use of reserves		**29,206**			

25 If all the additional savings of £15.836 million are agreed at Full Council on 19 February 2025, the forecast budget deficit (savings) shortfall would be reduced to £10.961 million in 2025/26 and across the four-year the savings gap would be £53.952 million across the full four-year period. Of particular concern would be the position in 2026/27 if the £10.961 million gap is funded from reserves – this would result in a budget deficit / savings requirement of £29.206 million that year.

26 The forecasts set out in this report could change once we have more clarity on the detailed allocations of funding to the Council following the publication of the draft Local Government Finance Settlement on 19 December 2024. The funding gap would also be reduced if the Council increases Council Tax by more than the 2.99% per annum increases currently assumed. The savings gap could also increase as the full financial impact of the increases in NLW and increases in national insurance costs are worked through and reflected on in terms of price inflation that will need to be factored into the budget next year. If nothing

changes, then the Council will need to utilise a further £10.961 million of its MTFP Support Reserve to balance the budget next year.

27 The MTFP (15) forecasts continue to assume that there will be a 2.99% council tax increases each year of the four-year MTFP (15) period. An additional £5.8 million of council tax revenue income would be generated should an additional 2% adult social care precept be applied next year. If applied, this would not fully offset the unavoidable budget pressures we face in our adult social care budgets, which is the largest revenue budgets held by the Council. The budget pressures faced in adult social care are being largely driven by the 6.7% rise in the National Living Wage and the rise in the level of employer national insurance costs, which means the Council expects to pay an additional £14.6 million in adult social care costs in 2025/26 and £39.5 million across the entire four-year MTFP(15) planning period.

28 The updated MTFP (15) financial forecasts are attached at Appendix 4 and the report contains an explanation of the underpinning financial planning assumptions that support these financial forecasts and various changes to the assumptions which have been made since the Cabinet report of 18 September 2024 (which are summarised in Appendix 5).

29 Following the previous report, the phase one consultation has been concluded. This considered the scale of the savings gap and gauged views on the saving proposals previously agreed and on the potential for any additional council tax raising powers. The outcome of this consultation is set out in Appendix 6.

Recommendations

30 Cabinet is asked to:

(a) note the updated MTFP (15) forecasts and the requirement to identify additional savings of £69.788 million for the period 2025/26 to 2028/29 (and summarised in Appendix 4 and 5).

(b) note that the MTFP(15) forecasts will be updated further following the publication of the local government funding allocations on 19 December 2024, any updates which will need to be made to inflationary pressures arising from rising National Living Wage and employer National Insurance cost increases and once greater clarity is received on council tax raising powers – with a further report to be presented to Cabinet in January 2025.

(c) note the revised profile and reduced quantum of the savings previously agreed as part of MTFP (14) as set out at Appendix 2.

(d) note that at this stage a budget shortfall of £25.615 million exists for 2025/26.

(e) note that £15.836 million of additional savings have been identified as part of this report, with £14.654 million identified for 2025/26 resulting in a remaining forecast budget shortfall of £10.960 million next year.

(f) note the outcome of the phase one budget consultation as set out at Appendix 6; and

(g) agree that new additional savings proposals, itemised in Appendix 3, to assist with balancing the 2025/26 budget and MTFP (15) position are consulted on, whilst acknowledging that these savings proposals fall short of balancing the budget next year and the overall MTFP (15) position.

Background

31 The initial financial forecasts for the Council's General Fund revenue budgets covering the period 2025/26 to 2028/29 (Medium Term Financial Plan (15)) (MTFP (15)) were presented to Cabinet on 18 September 2024.

32 The forecasts have subsequently been updated to reflect the Budget announcements made on 30 October 2024, updated CPI assumptions, as well as updated assumptions on base budget pressures outside some service's control, that need to be catered for in our MTFP planning across the coming four years, including pay and National Living Wage increases next year and beyond.

33 Whilst the Autumn Budget Statement on 30 October 2024 has provided some clarity on several issues and helped firm up several of our budget planning assumptions, there is some areas where further clarification and more specific details are required – particularly around the parameters of Council Tax referendum limits and the details of how individual local authorities will be allocated their share of Government Funding. Some of this detail will be provided when the Draft Local Government Finance Settlement is published, which is expected on 19 December 2024.

34 The fact that the Draft Local Government Finance Settlement will not be published until 19 December 2024 is not conducive to good financial planning and perpetuates the significant uncertainty over the councils underlying financial position next year.

35 The updated MTFP (15) financial forecast is attached at Appendix 4. Many of the updated figures are directly related to the Autumn Budget Statement announcements from 30 October 2024, but other updates are because of changes to our assumptions and consideration of the quarter two forecast of outturn position. A summary of the changes made to the forecasts since

the previous version presented to Cabinet on 18 September is set out in Appendix 5.

36 The MTFP (15) forecasts have also been updated to reflect the impact of the Council Tax Base calculations, which were presented to Cabinet on 13 November 2024.

Review of Financial Forecasts in MTFP (15)

37 A series of key underlying budget / MTFP assumptions around inflation rates, future increases in payroll, national living wage costs and council tax increases have needed to be revisited with changes summarised in the table below:

Underlying Budget Assumptions	**Cabinet 18 September**	**Updated Assumptions**
Consumer Price Index (CPI) 2025/26	2.50%	1.70%
Consumer Price Index (CPI) 2026/27	1.75%	2.60%
Consumer Price Index (CPI) 2027/28	1.75%	2.30%
Consumer Price Index (CPI) 2028/29	1.75%	2.10%
General Price Inflation 2025/26	1.50%	1.70%
General Price Inflation 2026/27	1.50%	2.60%
General Price Inflation 2027/28	1.50%	2.30%
General Price Inflation 2028/29	1.50%	2.10%
National Living Wage 2025/26	5.00%	6.70%
National Living Wage 2026/27 to 2028/29	4.00%	4.00%
LG Pay Award 2025/26	2.00%	3.00%
LG Pay Award 2026/27	2.00%	2.50%
LG Pay Award 2027/28 & 2028/29	2.00%	2.00%
Business Rates & Settlement Funding Assessment / Section 31 Grant Uplifts 2025/26	2.50%	1.70%
Business Rates & Settlement Funding Assessment / Section 31 Grant Uplifts 2026/27	1.75%	2.6%
Business Rates & Settlement Funding Assessment / Section 31 Grant Uplifts 2027/28	1.75%	2.3%
Business Rates & Settlement Funding Assessment / Section 31 Grant Uplifts 2028/29	1.75%	2.1%
Council Tax Increases 2025/26 to 2028/29 (p.a.)	2.99%	2.99%

38 **Consumer Prices Index:** Headline inflation has in recent months dropped to a current position of 1.70% (position in September 2024). The headline rate of CPI in September was lower than was expected and previously

forecast by the Office for Budget Responsibility. The CPI position in September 2024 is significant, as it is used to determine uplifts in the business rate multiplier and certain government grants. CPI is also used to drive underlying inflationary uplifts in some key contracts, including our adult social care contracts, which use the CPI rate as of September and January each year. The unexpected lower CPI rate in September has resulted in reduced levels of assumed grant funding uplifts in 2025/26 for Business Rates Top-up Grant and Section 31 Grants which are used to fund compensatory funding for reliefs grants to some businesses and charities. However, the CPI rate for October 2024 increased to 2.3%, which rises above the Bank of England's Inflation Target and could feed into some supplier costs in 2025/26.

39 The CPI assumptions in the later years of the MTFP (15) planning period have been updated to reflect the updated forecasts of CPI as determined by the Office of Budget Responsibility for 2025, 2026 and 2027 – which accompanied the Autumn Budget Statement. These amended forecasts impact on inflationary assumptions for funding and some elements of the Council's costs in later years.

40 There remains some uncertainty about the direction of inflation over the medium term, which is in part compounded by rising geopolitical and global uncertainty, due in part to conflict in the Middle East and Ukraine but also as a consequence of the USA elections and market uncertainty arising from announcements that were made by the Chancellor on 30 October 2024 – including rising employer costs due to the increases in the national living wage and in suppliers' national insurance costs.

41 The updated modelling of CPI has an impact on the financial forecasts in the MTFP as follows:

(a) Increases in Government Grant funding for Business Rates – where a higher rate of CPI would benefit the Council, but not fully offset the additional costs borne by the Council from a higher rate of inflation.

CPI impacts directly on the Business Rates Multiplier, which notionally increases the levels of non-domestic rates paid by businesses. As part of the Autumn Budget Statement, it was confirmed that the small business multiplier will be frozen next year, and the standard multiplier relating to larger business premises will be indexed.

The Council will receive some compensatory funding relating to small business rates multiplier being frozen next year. This inflationary increase is likely to track the 1.7% rate of CPI in September.

The September MTFP (15) report assumed CPI would be 2.5% in September 2024, so an additional budget pressure is now forecast totalling £1.312 million for 2025/26, offset by higher forecast grant increases in later years resulting in an improved position across the four-year planning period by a net £1.828 million.

(b) Contract / price inflation provision in 2025/26: CPI assumptions impact on the non-staffing element of the adult social care contract costs and on contractual inflation allocations provided for significant contracts such as home to school transport, children's social care and waste management and disposal. Uplifts to non-staffing inflation allocation assumptions have been made in the updated forecasts, resulting in increased growth requirements in 2025/26 for CPI of £0.287 million, and an increase of £4.105 million across the four-year planning period.

42 It is proposed that for future MTFP planning (i.e. from MTFP (16) onwards), CPI assumptions and contract / price inflation provision for later years are matched to the forecasts produced by the Office of Budgetary Responsibility, which accompany the Chancellor's annual Autumn Budget Statement. This approach will replace the historic approach of allocating a notional 1.5% uplift (or a variation of this) to service budgets.

43 **National Living Wage:** The MTFP (15) forecasts presented to Cabinet in September were based on the National Living Wage (NLW) rising by 5% from the current level of £11.44 per hour to a projected rate of £12.01 per hour in April 2025. This was based on a report published by the Low Pay Commission in March 2024.

44 In the Autumn Budget Statement, it was announced that the National Living Wage will rise to £12.21 from April 2025, which is a 6.7% increase, and more than the assumed £12.01 per hour previously forecast by officers. The increase in the National Living Wage from April 2025 is based on an updated report published by the Low Pay Commission – which reflects higher than expected increases in national median earnings over the last six months. The NLW has been retained at two thirds of national median earnings.

45 The rise in the National Living Wage has a direct bearing on the Council's assumed costs for future years local government pay awards, adult social care provider costs and home to school transport costs.

46 The Local Government Employers, who negotiate the annual pay award on behalf of the sector, are maintaining a close view on the possibility that MHCLG could be more directing and prescriptive on issues around rates of pay for staff working in the adult social care sector, which could feed into further cost rises. This may become clearer once the draft Local Government Finance Settlement is published.

47 Assumptions on National Living Wage increases in later years (years 2-4) of MTFP planning period remain unchanged at 4% at this stage. This is a

risk, as National Living Wage increases have been consistently higher than initial council projections even though these have been based on the Low Pay Commissions reports and OBR forecasts at the time of the preceding budget announcements, influenced in large part by the buoyant rate of growth of average earnings in the UK in recent years.

48 **Adult Social Care Costs:** The combined impact of increases in the National Living Wage, employer national insurance and updated CPI assumptions have had a significant upward impact on the level of budget growth for Adult Social Care in 2025/26, which is £5.423 million higher than the projections reported in September 2024 – bringing the growth required to £14.553 million next year. The MTFP Growth required for Adult Social Care across the MTFP planning period is now £39.518 million - £7.763 million higher than the previous forecasts. These remain high level estimates, and more detailed analysis of the impact of employer national insurance and national living wage increases needs to be undertaken as part of the agreement of updated adult social care fee rates for 2025/26. This risk is matched by the fact no increase in budgetary growth has been made for demographic pressures in 2025/26.

49 **Pay Award Assumptions:** The National Living Wage increase has also impacted the budget assumptions on future pay award levels, where the higher NLW makes it more challenging to foresee the 2025/26 pay award remaining at an average annual cost increase of 2%.

50 To address the impact on lower-graded spinal points, it is likely that the Local Government Employers will once again be faced with having to offer a cash lump sum staff uplift to all staff again in 2025/26, to ensure the pay levels of those local government employees on the bottom spinal column points remains above the National Living Wage going into the new financial year.

51 The percentage pay-award applied will therefore vary and gradually reduce as the cash-flat pay award works upwards through the various pay spinal column points. The Council will once again lobby against such an approach being taken as it has long-term implications of the wider pay and grading structure, which will be costly to rectify.

52 The bottom spinal column point in local government is currently £12.26 per hour following the implementation of the 2024/25 pay award – only 5p more than the NLW in April 2025.

53 To cater for the potential need for the Local Government Employers to offer a further cash lump sum in 2025/26, our assumptions for the pay award have been uplifted to an assumed 3.0% average increase in 2025/26 and a 2.5% average increase in 2026/27, with more modest increases of 2% per annum retained thereafter. The cash lump sum uplift assumed in 2025/26 to achieve a 3.0% average increase is around £1,000

per annum for all staff whose pay award is linked to the Local Government Employers pay negotiations. The agreed cash lump sum uplift applied in 2024/25 was £1,290. The updated assumptions are in line with the levels being made by neighbouring authorities.

54 The additional 1% on the assumed pay award in 2025/26 has increased the required budget provision by circa £3.0 million, and the extra 0.5% increase in 2026/27 has increased the budget pressures by £1.588 million that year too.

55 **Employer National Insurance:** As part of the Budget, the Chancellor increased the percentage rate of employer national insurance from 13.8% to 15%. Furthermore, and more significantly, the threshold at which point an employer pays National Insurance has been lowered from £9,100 per annum to £5,000 per annum. This impact results in an additional £600 per annum, per employee, in additional national insurance contributions for an employer.

56 The cost impact on the council arising from its directly employed workforce has been estimated, with further work being undertaken to refine the forecasts.

57 The financial impact relating to staff who are funded by core budgets (rather than from specific government grants, recharges or traded service activities) have been assessed to be at least £6 million - split between a forecast increase of £1.7 million from raising the percentage contribution rate to 15% and £4.3 million to fund the £600 increase per employee for lowering the starting threshold for employer National Insurance Contributions. This represents a 30% increase in the Council’s Employer National Insurance costs.

58 There is an expectation that the increases in Employer’s National Insurance for directly employed staff in local authorities will be separately funded by Government, over and above the additional funding allocations announced on 30 October for local government, with HM Treasury to announce funding arrangements in due course.

59 At this stage the MTFP (15) budget forecasts have assumed that the National Insurance Contributions increases will be covered entirely by additional Government funding of £6 million. There is a risk that the additional funding provided could be insufficient to cover these costs or that funding for this reimbursement could be top sliced from other MHCLG funding streams. This is one of several issues where greater clarity will only be gained following the publication of the Draft Local Government Finance Settlement on 19 December 2024.

60 **Home to School Transport:** There has been significant further work undertaken to model the impacts of the following causes of rising costs within the Home to School Transport budget:

(a) Embedded challenges within the wider Special Educational Need and Disability (SEND) system, which is resulting in more children been given an Education Health and Care Plan meaning they need additional educational support, and in some instances need to be educated away from their mainstream school.

(b) A rising number of pupils are being placed in special schools, despite constraints on capacity and accessibility in these types of school and resulting in longer journey times requiring bespoke individualised transport arrangements.

(c) An increasingly frequent use of individual taxis and other high-cost forms of transport.

(d) Additional demand from groups of vulnerable young people including Children Looked After (CLA); children who are excluded from mainstream school, placed in Pupil Referral Unit (PRU) or Alternative Provision (AP); and those in Education Other Than at School (EOTAS); and

(e) The impact of inflation, a fragile provider market and a diminished public transport network.

61 Since the previous MTFP (15) forecasts were presented to Cabinet a more detailed forecast of Home to School Transport net budget requirements has been developed. This review has used more informed assumptions around future demand levels and potential price increases, including the following assumptions:

(a) A forecast of increasing demand for SEND, Children Looked After (CLA) and Pupil Referral Unit (PRU) transport based on existing trend data for each area.

(b) A forecast increase to average costs above the level currently included in the MTFP, using forecasts of National Living Wage (NLW) as a basis and other inflationary pressures associated with transport services.

(c) Inclusion of budgetary growth to invest in a Home to School Transport Transformation Team and enhance the capacity of this team to engage more proactively with external transport providers as part of the commissioning and procurement processes.

(d) An assessment of various efficiency measures being rolled-out to deliver efficiencies in this area, which are overseen by the Home to School Transport Board – including a more rigorous assessment of new single-person transport packages, the introduction of more generous personal travel budgets, and more targeted procurement measures to reduce supplier contract costs, in addition to the harmonisation of arrangements for commissioned services.

62 These updated estimates show that net Home to School Transport expenditure budgets need to be increased by £7.816 million across the MTFP (15) planning period, exceeding the previous forecast required budget increases that were presented to Cabinet on 18 September 2024 by £3.816 million. The updated budget growth assumptions can be compared as follows:

Year	Home to school Transport Forecasts Cabinet September 2024 £'000	Updated Home to school Transport forecasts October 2024 £'000	Additional Budget Requirements £'000
2025/26	1,000	2,591	1,591
2026/27	1,000	1,555	555
2027/28	1,000	1,636	636
2028/29	1,000	2,034	1,034
Total	**4,000**	**7,816**	**3,816**

63 **Vehicle Fleet Transfer to Electric Vehicles:** A revised budget growth forecast has been prepared to reflect updated timescales and updated cost estimates for the Council converting and changing its existing fleet, which are largely leased in, from fossil fuel-based vehicles to electric vehicles. The updated forecasts have resulted in a net reduction in the costs of conversion over the MTFP (15) planning by £0.409 million, although the timing of these conversions will start to fall into 2025/26, which is one year earlier than the previous MTFP (15) model had projected.

64 The electrification of the vehicle fleet is a key component of the Council's strategy to achieve its net zero ambitions and future MTFP planning periods will need to cater for costs of converting larger (and more expensive) vehicles which is likely to come at a higher net budget impact.

65 **Waste Disposal – New Contract:** In the September Cabinet report £3.0 million of forecast budget growth was provided in 2026/27 for the assumed net additional cost associated with the new Waste Treatment Facility in Teesside.

66 The Teesside facility will be a new build facility, procured in collaboration with six other local authorities in the Northeast. The project has been beset by delays relating to obtaining suitable grid connectivity timing commitments from Northern Power Grid.

67 Whilst it has been known for some time that this new facility will not be operational until later than previously expected, the budget pressure was retained in 2026/27 in recognition of the risk that existed in extending the current contractual arrangements. The Council has now secured an

extension to the Contract for Residual Waste Treatment with Sita UK Ltd at Haverton Hill in Stockton, on a rolling 2-year notice basis, with a long stop date of 31 March 2031 at index-linked price level which is reasonably comparable with the existing contract in place. This has allowed the £3.0 million of budget growth to be reprofiled into 2028/29 – year four of the current MTFP planning period.

68 **Housing Benefit Subsidy Loss:** The growth in the use of temporary accommodation and supported accommodation has continued into 2024/25. The Housing Benefit Subsidy Grant reclaimed from the Department for Works and Pensions, on whose behalf the Council administers the scheme (in line with nationally set criteria), does not allow for full recovery of payments linked to temporary and supported accommodation which is provided by non-registered providers.

69 The 2024/25 budget was adjusted to offset this this pressure, with a £2.6 million budget uplift reflected in the 2024/25 base budget to reflect overspending in 2023/24. However, the Quarter 2 forecast of outturn shows the Housing Benefit Loss is expected to be £3.283 million, which is £0.683 million above the £2.6 million budget provision in 2024/25. The overspend is an improved position on the £0.932 million overspend forecast at Quarter 1 – which is part due to the success of the joint working between the Supported Housing Improvement Programme Team in REG and the Assessments and Awards Team in Resources. There is an underlying base budget pressure of around £0.4 million forecast into 2025/26.

70 To maintain progress in managing the Housing Benefit overspend, it is proposed to extend the Supported Housing Improvement Programme initiatives team in REG for one further year into 2025/26, as funding for that team is due to end on 31 March 2025. The cost of extending the team for one year is £0.280 million, therefore in total £0.680 million has been added to base budget pressures in 2025/26, with the funding for the Supported Housing Improvement Programme being discontinued from 2026/27.

71 As part of the Budget Statement, the Government announced £230m of additional homelessness grant, which could result in c.£2.3 million being allocated to the Council. It is assumed however that this funding will be offset by additional new costs and have specific spending requirements attached to the grant funding. Officers will assess whether the continuance of the Supported Housing Improvement Programme beyond 2025/26 is qualifying spend against the additional funding and if so, the £0.280 million of growth included in the Housing benefit subsidy line above will be removed prior to the budget setting report being presented to Council in February 2025.

72 **Energy Budgets:** The North East Procurement Organisation (NEPO) have provided firmer estimates on the energy prices for 2025/26 and

based on current activity levels, and the level of forward purchasing, the Council has assumed that the savings will be around £2.00 million against the current budget provision in 2025/26. This is £1.000 million more than the budget reduction assumed in September. Cabinet should however remain aware of the high risk of energy costs fluctuating from year-to-year, which may require further budgetary growth in later years, if energy markets destabilise once more.

73 **Water Rates:** Additional budgetary growth of £0.110 million has been added in 2025/26 due to recurring overspends reported so far during 2024/25, which are unlikely to be contained due to price uplifts on commercial properties imposed by Northumbria Water. Further additional budget growth might be required in future budget setting rounds if commercial water charges are raised to fund infrastructure investment by Northumbria Water.

74 **Capital Financing Costs:** Officers have revised assumptions on Capital Finance Costs and reprofiled £3.5 million of capital financing costs, bringing this element of the growth requirement forward, from 2026/27 to 2025/26. This adjustment has been made in the light of an updated assessment of the timing when the Council will need to address its reducing cash balances, which are due to the Council maintaining a significantly under-borrowed position when compared to the Council's actual Capital Financing Requirement.

75 The Quarter 2 forecast of outturn report projects that the Council will be under-borrowed by £333.180 million at the end of 2024/25. Such a position will require cash-levels to be replenished, by commencing additional borrowing by Quarter 4 of 2024/25.

76 The Council needs to borrow at least £350 million over the next two years to fund existing capital programme commitments and is forecast to still retain an under-borrowed position by the end of 2026/27 of circa £214.0 million.

77 Concerns remain that bank base interest rates, and consequently PWLB rates, may not fall to the levels originally expected by the end of 2024/25, due to a significant commitment from the Government to Borrow to Invest in Capital Projects as announced in the Autumn Budget Statement. Therefore, the Council may need to consider borrowing for a short-term period, albeit at higher rates, in anticipation of interest rates on long-term borrowing falling more substantially in later years.

78 **Children's Social Care:** A significant unfunded budget pressure the Council has faced in recent years, which is forecast to continue into next year and beyond, relates to children's social care – particularly Looked After Children placement costs, which have increased by 215% over the last five years (from a budget of £24.218 million in 2018/19 to a current budget of £76.574 million in 2024/25).

79 In September, the MTFP (15) forecasts included £23.857 million of budget pressures for Looked After Children placement costs – of which £13.729 million was required in 2025/26. The updated forecasts presented in this report have been retained at the previously reported figures, despite the in-year overspend increasing from £6.033 million as at quarter one to a forecast £7.475 million as at quarter two. The in-year overspend on these budgets is despite a budget uplift of £14.674 million in 2024/25.

80 To support the MTFP(15) financial planning and the development of the next generation of the Children Looked After Sufficiency and Commissioning Strategy, the Council commissioned Newton Europe to undertake a detailed validatory diagnostic exercise of the assumptions the Council had made on Children's social care and to provide a series of recommendations on how the Council could better manage the demand pressures and costs of children in care.

81 Newton Europe have presented their findings and views on the Council's existing Looked After Children Sufficiency and Commissioning Strategy and the forecasts in our financial assumptions across the next four years. A deep dive assessment was undertaken into the drivers of these cost pressures and how and why they were occurring, where these were occurring, identifying different issues in different parts of the county. Newton Europe also provided some suggested strategies to mitigate this going forward.

82 Assurances have been provided that social care practice was sound and that all the children in care should be in care but that in around one third of cases, better earlier intervention could have prevented the child from being taken into more expensive residential care.

83 The forecasts prepared by Newton Europe suggested that the MTFP budget growth currently factored into MTFP (15) was understated, particularly from years three onwards in, based on the current Looked After Children Sufficiency and Commissioning Strategy initiatives and inflationary costs assumptions.

84 Newton Europe have provided a range of suggested actions and interventions that the Council could seek to implement to help mitigate the forecasts and officers are now developing a new informed Children Looked After Sufficiency and Commissioning Strategy 2. Cabinet should note that some of these interventions may require investment on an invest to save basis. The scale of investment in new actions and interventions are currently being determined and will be reported to Cabinet in March or April 2025.

85 The initial view of Newton Europe and officers in the Council is that these targeted interventions will merely seek to ensure the Council's spend on such placement costs remains within the budgetary growth allocations already set out in the current MTFP(15) forecasts, and that at this stage

there remain significant risks that the growth requirements may need to be revised upwards in later years.

86 **Council Tax Base Assumptions:** The MTFP (15) forecasts for 2025/26 have been updated for the confirmed Council Tax Base position, which was reported to Cabinet on 13 November 2024.

87 The 2025/26 council tax base is higher than the forecasts included in the September report and will allow an additional circa £3.3 million of council tax revenues to be generated next year - £2.8 million above the previous forecasts.

88 Taken together with the agreed policy changes in terms of premiums to be applied to those properties classed as second homes from April 2025 (which should generate around £0.650 million in 2025/26), the tax base changes (including prudent assumptions on new builds across the next 18 months) will increase Council Tax revenues by £3.950 million next year. No underlying changes have been made to the assumed tax base growth assumptions in later years at this stage, although this position will be closely monitored.

89 The improvement in the Council Tax position is due to an increase in the number of Band D equivalents, which has been increased by 2,115 (a 1.4% tax base uplift). An element of this uplift relates to a modest assumption about future tax base rises for the remainder of 2024/25 and across 2025/26 of 250 (247.5 @ 99%) band D equivalents, and an assumption that approximately 336 (332.7 @99%) band D equivalents will arise from the introduction of the second home premium from April 2025.

90 The improved position is attributable to a higher level of new residential dwellings been added into the Council Tax Valuation system during recent months, the application of new premiums relating to empty properties generating additional tax base growth over the previous assumptions, and a slight drop in the overall notional value of households receiving Local Council Tax Reduction Support, (which can be very sensitive to changing economic circumstances and adds risks to forecasting base increases alongside other discounts for students and single-person households), plus a number of properties being brought back into Council Tax following changes to holiday let and AirBnB arrangements.

91 **Council Tax Increases:** The Government has indicated that local authorities will be given additional flexibilities to raise council tax and several authorities are now assuming that social care authorities (like us) will be able to once again apply an Adult Social Care precept in 2025/26 (and potentially beyond) and are building this into the MTFP planning forecasts.

92 At this point the government have indicated councils can raise Council Tax by up to 5% but it remains somewhat unclear if this will be in the form of an additional adult social care precept or by increasing the core council tax

referendum limit in 2025/26, and throughout later years of the MTFP(15) planning period.

93 At this stage we continue to base our MTFP (15) financial planning on a 2.99% annual increase in council tax across all four years of the MTFP (15) planning period.

94 If the additional flexibilities are provided and the Council approves an increase in Council Tax 2% above the current MTFP assumptions (via an Adult Social Care Precept or a higher referendum limit) increasing the Council Tax by 5%, this would raise an additional c.£5.8 million in Council Tax revenues to offset the anticipated significant increases in Adult Social Care provider costs and the significant escalating Children's Social Care costs and help close, but not eradicate the funding gap that exists next year and beyond.

95 Should additional flexibilities or powers be provided on the level of council tax increases permitted, the strong advice from the Section 151 Officer will be that the Council Tax is increased by the maximum permitted to help balance the council's budget, protect front line service delivery and avoid an over-reliance on reserves. This would be in line with members' fiduciary responsibilities for setting a balanced budget.

96 **Additional Funding for Local Government in the Autumn Statement:** Central Government have announced an additional £1.3 billion of revenue grant funding for local government, with the Government indicating that this includes a £600 million uplift in the Social Care grant – which it is assumed will translate into an additional circa £7 million of social care grant funding for the Council.

97 Whilst this is a significant boost in funding, for the reasons outlined above, the additional social care granny funding falls significantly short of covering the rising demand and price costs in children's and adult social care costs - the latter of which has significantly increased following higher than expected rises in national living wage and the increases in employer national insurance costs, and other contracts where a high level of staffing cost is involved in the delivery of services. The social care grant increase only funds circa 25% of the unavoidable cost pressures faced in adult and children's social care budgets next year.

98 The Council has assumed that an element of the £1.3 billion increase announced will be used to fund the assumptions we have already made about inflationary increases to top-up and section 31 Grant associated with Business Rates.

99 More details on how the Government will distribute the £1.3 billion of additional funding will be provided in the Draft Local Government Finance Settlement on 19 December 2024. At this stage we have not factored in any additional benefit to the Council beyond the inflationary uplifts in top-

up and section 31 Grant and the circa £7 million uplift in the Social Care Grant allocation.

100 Further guidance is also awaited on the additional funding to compensate local authorities for the increase in employers' National Insurance costs for directly employed staff.

101 It remains both difficult and risky to precisely quantify the overall increase in spending power at this stage until the details of the local government finance settlement for 2025/26 are formalised.

102 **Extended Producer Responsibilities:** As part of the Autumn Budget Statement, it was announced that local authorities will receive around £1.1 billion of new funding in 2025/26 through the implementation of the Extended Producer Responsibility scheme to improve recycling outcomes from January 2025 onwards.

103 Exceptionally, for 2025/26 only, the Treasury has stated that it will guarantee that if local authorities do not receive Extended Producer Responsibility income in line with the central estimate there will be an in-year top up, with the detail on this to be set out through the Local Government Finance Settlement (LGFS) process.

104 The funding is in anticipation of new responsibilities for Producers of Waste under the *Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024*.

105 The proposed new regulations have been drafted and laid before Parliament under section 143(5)(b) of the Environment Act 2021 but are yet to be approved.

106 Extended Producer Responsibility for packaging aims to ensure that the producers pay for the full cost of dealing with packaging at the end of its life to help increase packaging recyclability and provide environmental benefits such as reducing material use, improving packaging recycling and helping in litter prevention. Key aspects of the regulations include:

(a) Extending the responsibility to producers to cover the full cost of dealing with packaging waste, which includes collection, recycling, and disposal.

(b) Encouraging improvements in packaging design that reduce waste and environmental impact.

(c) Incentivising appropriate use of packaging and the use of recyclable and reusable packaging; and

(d) Establishing clear roles and responsibilities for businesses, local authorities, compliance schemes, and other stakeholders involved in the packaging life cycle.

107 The types of waste which fall inside the scope of these regulations includes plastic, wood, aluminium, steel, paper, wood-board and glass.

108 The long-term principle of the scheme revolves around local authorities being compensated by packaging producers for the costs of efficiently and effectively managing household packaging waste – whether it be collected from residential households or from household waste recycling facilities.

109 A Scheme Administrator will be appointed to be responsible for calculating producer fees and local authority payments. Payments will made by the Scheme Administrator through a new payment mechanism. The Government have developed a model which will calculate the amount to be paid to individual local authorities for the necessary costs incurred for the collection, handling, treatment and disposal of Household Packaging Waste (net of income from the sale of recycled materials) as part of an efficient and effective service.

110 It is anticipated that local authorities will receive funding based on the estimated total costs of household waste management. As part of the calculation, there will be a single assumed total cost for each packaging category, covering its estimated portion of UK household waste management costs. Base fees for each packaging category will be calculated from total costs for in-scope packaging, based on a share of estimated national tonnage.

111 Indicative payments for individual local authorities will be provided by the end of 2024. Local authorities will receive grant determination letters and cash payments mid-way through 2025/26 – anticipated to be October 2025.

112 There remains uncertainty about whether the Council's eventual allotted funding will be sufficient to offset the full cost of introducing food waste collections and moving to a fully comingled collection for mixed, dry recycling (i.e. mixing glass) in 2026/27. Furthermore, there is uncertainty surrounding timelines due to DEFRA's continuous re-evaluation of the scheme, with a possibility the scheme is delayed into later years.

113 Monitoring and evaluation of the efficiency and effectiveness of waste management will need to be deployed by Government, with local authorities potentially being subject to improvement actions. If the improvement action process isn't followed, local authorities may be subject to deductions on their payments from 2027/28.

114 There is uncertainty about the timing of this funding, whether it is being funded from the top-slicing of other funding streams, and what the associated costs and new burdens might be with delivering this scheme.

115 The allocation methodology cannot readily be predicted at this stage due to the high number of district waste collection authorities in the country and the distribution of industry and businesses across the county. On that basis, the Council has not factored this funding into balancing the 2025/26 Budget at this stage.

116 A funding adjustment has however been made in 2026/27 to fund the assumed £1.600 million of costs budgeted for food waste collection in 2026/27, assuming the Extended Producer Responsibilities should have bedded in by that point, and that the Council can use an element of the additional funding to support the delivery of food waste collections, subject to flexibilities been confirmed on how the additional funding can be used.

117 **Local Government Funding Reform:** There was confirmation in the Autumn Budget Statement that there are plans to reform local authority funding (especially the distribution methodology), during 2025, for implementation in 2026-27 - to ensure funding allocations reflects an up-to-date assessment of need and local revenues. This is a welcome commitment and something the council has been calling for since the formula factors were effectively frozen in 2013.

118 Ministers are also considering making distributional changes in funding for 2025-26 as well, with the budget statements stating: “starting with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27”.

119 It is not clear at this stage to what extent the Council’s funding position would change because of this redistribution (if it is delivered) and therefore no amendments have been made to the MTFP (15) assumptions for next year or for years 2-4 at this stage. More details of the timescales for funding reform will be provided in the provisional Local Government Finance Settlement and the Comprehensive Spending Review, which will take place in Spring 2025.

120 Whilst welcoming the Government’s commitment to review how local government funding is allocated, it is highly likely that any fundamental changes may be heavily dampened and smoothed in over several years. This would protect the council should it be a “loser” from any changes (highly unlikely) but (as is more likely) would slow down the increases in funding provided should it be a “winner” from any funding formula changes.

121 Previous exercises to reform local government funding formulae have been subject to protracted delays and eventual abandonment, due to wider events such as Covid and political instability. It is conceivable that any significant reforms and redistribution of funding could be controversial and take time and therefore be delayed to coincide with more wholescale structural reform to English local government structures such as reducing the number of two-tier local authorities (i.e. merging county & district

councils in England) and / or amalgamating some smaller unitary authorities .

122 **MTFP (14) Savings:** The updated MTFP (15) forecasts continue to assume that the MTFP (14) savings approved by Full Council on 28 February 2024 will be substantially implemented as previously agreed.

123 The MTFP (15) forecasts presented to Cabinet in September have been updated for re-profiling of the MTFP (14) Customer Access Point savings (£160,000 brought forward from 2026/27 to 2025/26). In addition, CYPS have identified options to replace savings relating to accommodation and fees and charges (previously agreed in February 2024) with enhanced savings relating to the gradual reduction in historic further education pension fund liabilities. The savings previously reported in relation to Home to School Transport policy changes, which have now been agreed by Cabinet have been removed and netted off the updated budget growth figures factored into the MTFP (15) financial forecasts. Appendix 2 sets out these savings in more detail, which total £7.327 million across the first three years of MTFP (15) planning period.

124 **MTFP (15) Savings:** This report sets out details of additional savings which have been developed. Over the four-year period of MTFP (15) the new savings proposals total £15.836 million, with the bulk of these savings (£14.654 million - 93%) forecast to be deliverable in 2025/26.

125 The savings developed will have limited impact on front line service delivery and are a precursor to more wide-ranging transformational savings which the Council must make to maintain a sustainable financial position, and in lieu of any potentially delayed reform by Government of local government financing arrangements.

126 There is a clear need for a fundamental redesign and rethinking of Council service provision in later years of the MTFP planning period, and Cabinet will be advised in due course of the planned Transformation and Change Programme to deliver that change, however more planning and resourcing for this change programme is required before details of these arrangements are implemented.

127 The new MTFP(15) savings proposals do not fully meet the budget gap / savings requirement in 2025/26 and are forecast to be needed even if the Council is permitted to increase Council Tax by more than 2.99% (up to say 5%) in 2025/26 and the funding outcomes for 2025/26 result in more enhanced funding levels than currently projected.

128 The new MTFP (15) savings proposals are split by year and service grouping as follows:

Service	**2025/26 £'m**	**2026/27 £'m**	**2027/28 £'m**	**2028/29 £'m**	**Total New Savings Proposals £'m**
Adult & Health Services	2.002	0.050	-	-	2.052
CEO – Corporate Affairs	0.753	0.020	-	-	0.773
Children & Young People Services	0.788	-	0.141	0.189	1.118
Neighbourhoods & Climate Change	1.571	0.511	0.211	-	2.294
Regeneration, Economy & Growth	2.390	-	-	-	2.390
Resources	2.964	-	0.079	-	3.043
Other Corporate Budgets	4.186	0.086	0.085	(0.190)	4.166
Total	**14.654**	**0.667**	**0.516**	**(0.001)**	**15.836**
% Total	**93%**	**4%**	**3%**	**0%**	**100%**

129 The new MTFP (15) savings proposals can also be analysed based on their impact in directorate budgets – whether they be savings linked to staffing budgets, non-staffing budgets, or increases in income through recharges to capital or the generation of additional external income as follows:

Service	**Total Savings Agreed by Cabinet (25/26 to 28/29) £'m**	**Analysis of New MTFP (15) Savings Proposals**			
		Total Staffing Savings £'m	**Total Non-Staffing Savings £'m**	**Recharging Capital / Use of Reserves / Other Funding £'m**	**Income Generation Savings £'m**
Adult & Health Services	2.052	2.008	-	-	0.044
Chief Executives	0.773	0.656	0.117	-	-
Children & Young People Services	1.118	0.785	0.333	-	-
Neighbourhoods & Climate Change	2.294	1.599	0.695	-	-
Regeneration, Economy & Growth	2.390	1.458	0.435	0.497	-

Service	Total Savings Agreed by Cabinet (25/26 to 28/29) £'m	Analysis of New MTFP (15) Savings Proposals			
		Total Staffing Savings £'m	Total Non-Staffing Savings £'m	Recharging Capital / Use of Reserves / Other Funding £'m	Income Generation Savings £'m
Resources	3.043	2.171	0.871	-	-
Other Corporate	4.166	-	3.916	-	0.250
Total	**15.836**	**8.677**	**6.367**	**0.497**	**0.294**
% Total		**55%**	**40%**	**3%**	**2%**

130 As can be seen, 55% of the new savings that have been developed relate to staffing reductions. In developing the proposals careful consideration has been given to the impact of the reduction in capacity how these savings will be managed. Wherever possible, the expectation is that reductions in posts will be found from existing vacancies, and indeed, several services are holding vacancies in 2024/25 for that purpose.

131 The new savings proposals will result in the removal of 214 full time equivalent posts, of which around one third of these posts are currently classified as being vacant – with this figure set to rise further during the remainder of the financial year. Where staff are classified as being at risk, every possible attempt will be made to minimise the need for compulsory redundancies though the deletion of vacancies and the use of the councils Early Retirement and Voluntary Redundancy scheme. These post reductions are spread across several service units where the total posts in those areas amount to around 3,300 full time equivalents. Nearly 20% of the posts in scope for reduction are classed as managerial posts.

132 Appendix 3 provides more details of the savings in terms of which services the savings will be applied to, and the broad nature of the savings involved.

133 A significant Corporate Saving which amounts to around £3.000 million across the MTFP (15) planning period, relates to a change in the way the Council sets aside funds to repay debt – known as the Minimum Revenue Provision (or MRP). Full Council will be asked to approve a retrospective change to the MRP policy at its meeting on 11 December 2024 in order to facilitate these savings.

134 The CIPFA Prudential Code for Capital Finance in Local Authorities requires Full Council to agree an annual policy for the Minimum Revenue

Provision (MRP). These regulations were originally introduced in 2003 but have been updated subsequently on periodic occasions.

135 The MRP relates to the amount that is set aside each year to provide for the repayment of debt associated with borrowing to fund the Capital Programme (principal repayments). The regulations require the Council to determine an amount of MRP which it considers to be prudent. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The guidance provides recommended options for the calculation of a prudent provision, but councils have discretion in determining the level of MRP which they consider to be prudent. In very broad terms, local authorities are statutorily required to ensure that they set aside MRP over a similar period to which the assets associated with that capital expenditure provide benefits to the local authority – this has the effect of reducing the capital financing requirement.

136 In 2018, the National Audit Office (NAO) published some updated guidance on MRP, which sought to prohibit some overtly aggressive changes in some local authorities MRP policies (i.e. some local authorities were changing their policies to significantly reduce their MRP costs as a one-off exercise or to reduce their MRP charges to unsustainably low levels). The MRP guidance was amended so that local authorities would be prevented from:

(a) Retrospectively changing MRP set aside in previous financial years to create a material credit in their current year's financial accounts;

(b) Making changes to the methodology used to calculate MRP which resulted in a nil charge in a current financial year in order to recover overpayments in previous years;

(c) Extending the assumed economic life of assets to justify the stretching of the period over which MRP is charged to a period in excess of 50 years (thus reducing the annual in-year charge to an unacceptably low level);

(d) Choosing not to provide MRP for expenditure on the basis that the eventual sale of an asset financed by borrowing would generate a capital receipt to repay that borrowing and therefore negate the need to set aside MRP in lieu of the asset eventually being sold.

137 The County Council's existing MRP policy was approved on 28 February 2024, as part of the 2024/25 budget setting report. The policy has been set using the following principles:

(a) In respect of the Council's supported borrowing (taken out before 2008, with MRP payments funded by underlying general government grant), MRP is provided for on a 2.5% straight-line basis – i.e. provision for the full repayment of debt over 40 years.

(b) MRP charges for unsupported borrowing (i.e. debt taken out since 2008) is applied by using the annuity method.

(c) MRP charges for finance leases (non-PFI) are equal to the principal elements of the rental or charge that goes to write down the balance sheet liability created from such arrangements.

(d) MRP charges for Private Finance Initiative Schemes are provided using the asset life method calculated on a straight-line basis; and

(e) The Council retains the right to make additional voluntary payments to reduce debt if deemed prudent.

138 When borrowing to provide an asset, the Council commences MRP in the financial year following the one in which the capital expenditure was incurred. For the purposes of borrowing to provide an asset that is currently under construction, MRP charges are not applied until the year after the asset becomes operational.

139 Regulations allow the Council to review its policy each year and set a policy which is prudent.

140 Under MRP Guidance, any charges that are made that are greater than the statutory MRP and are referred to as "Voluntary Revenue Provision" (VRP) payments. VRP can be reclaimed as reductions in later years MRP contributions, providing those later years MRP contributions remain prudent. For these amounts to be reclaimed in later years, the policy must disclose the cumulative overpayment made each year. Cumulative VRP payments made to date are £2.934 million.

2024/25 Review of MRP Policy

141 The proposed changes to the Council's MRP Policy have been developed in liaison with its Treasury Management advisors. The review that was undertaken to inform options concluded that some amendments can be made to the way in which the Council accounts for MRP, which can deliver MTFP savings and help balance the 2025/26 budget. None of the proposed changes contravene the updated guidance on MRP issued by National Audit Office in 2018.

142 The identified options to revise its policy for MRP in relation to its Capital Financial Borrowing Requirement relates to borrowing incurred in the following tranches:

(a) Capital Financing Borrowing Requirement incurred before 31 March 2008 – £188 million outstanding as of 31 March 2024.

(b) Capital Financing Borrowing Requirement incurred after 31 March 2008 - £316 million outstanding as of 31 March 2024; and

(c) Capital Financing Borrowing Requirement incurred because of entering a Schools' PFI Funded Asset Build programme – £33.9 million outstanding as of 31 March 2024.

143 MRP charges are calculated based on the closing Capital Financing Requirement of the Council as of 31 March 2024, as opposed to the actual level of borrowing held (the difference relating to the under-borrowed position held by the Council).

144 The proposes changes to the Council's MRP Policy relates to the tranches of debt summarised in (a) to (c) at para 140 above and can be summarised as follows:

(a) Pre-2008 Borrowing: Move from a 2.5% per annum "straight-line" MRP contribution (which runs for 40 years) to a 32-year annuity repayment basis, on a projected annuity rate of 4.5%, on the basis the Council make this amendment before but not later than 31 March 2025.

(b) Post-2008 Borrowing: Move from an annuity calculation which currently uses an average asset-life assumption of 40 years at the standard PWLB annuity rate, to an annuity rate which is calculated over a shorter (34 years) projected annuity rate of 4.5%, assuming the amendment is made before but not later than 31 March 2025; and

(c) PFI Education Assets: move from charging MRP on an asset life over 45 years, on an annuity basis, to an annuity basis over 38 years, using a projected annuity rate of 4.5% assuming the MRP policy change is enacted before but not later than 31 March 2025.

145 The proposed policy change will support the achievement of MTFP (15) financial savings relating to capital financing costs. Based on assumed PWLB interest rates by 31 March 2025, the policy change will result in savings across the MTFP (15) period of £2.998 million.

146 It is proposed that the Council makes a Voluntary Revenue Provision Payment of £3.66 million from the saving that will accrue in 2024/25, to offset the impact of reprofiled increases in MRP budgets in later years. The Voluntary Repayment Provision proposed for 2024/25 is over and above the prudent provision of MRP already set aside for 2024/25, and this element can be released into future years to offset the increases in MRP required in later years.

147 The amount of debt held by the Council will not change because of the amendments to the MRP policy proposed in this report. However, the profile of the legally required provision set aside by the Council to reduce its Capital Financing Requirement does change. Indeed, the Council's Capital Financing Requirement will remain relatively higher for longer, as less MRP is set aside in the next few years.

148 The savings generated from the change in the policy create a base budget saving from 2025/26, however additional budget allocations for MRP will need to be added into later years' budgets and medium-term financial plans to reflect the incremental year-on-year increases in MRP required to offset this upfront re-profiled saving.

149 The Office for Local Government (OFLOG) have recently introduced measures to monitor and review levels of indebtedness and assess if local authorities are setting aside sufficient MRP in their budgets. This is determined to be at least 2%. If the Council does not provide a minimum level of MRP, this would be flagged and could trigger a regulator review and could impact on the Value for Money Assessment undertaken by our External Auditors. The proposed MRP changes are all within the guidance set out by the Government and the Council will continue to set aside enough MRP to exceed the notional 2% threshold.

150 Many other local authorities have already implemented these changes to their MRP policies, and consequently set aside lower levels of MRP compared to the Council, as a relative proportion of their capital financing requirement, so the proposed policy changes are not unique.

151 By the 2040s, there will be a substantial annual difference between the original MRP profile and proposed future profile. Therefore, each year for the next 30 years, the Council will need to increase its MRP budget by a rising amount to keep pace with the MRP reprofiling requirements. However, these increases are not inflated for future years' inflation, and are therefore dampened by the impact of the time value of money. The MTFP (15) forecasts include the impact of future years increases from 2026/27 onwards.

152 The Council will also have options to review MRP profiling in later years based on the life of assets which were funded from capital expenditure underpinned by borrowing. Another option would be for the Council to choose to make further voluntary revenue payments in later years.

Equality Impact Assessment of the Medium-Term Financial Plan

153 Consideration of equality analysis and impacts is an essential element that members must consider in approving the savings plans for MTFP (15) and this section updates Members on the outcomes of the equality analysis of the MTFP (15) savings proposals.

154 The aim of the equality impact analysis 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 because of MTFP decisions; and

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

155 As in previous years, equality impact analysis is considered throughout the decision-making process, alongside the development of the budget and MTFP process. This is required to ensure MTFP process 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.

156 In addition, the public sector equality duty 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; and

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

157 Several 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.

158 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; and

(e) build on previous assessments to provide an ongoing picture of cumulative impact.

Impact Assessments for 2025/26 Savings Proposals

159 Consideration of equality analysis and impacts is an essential element that members must consider in approving the savings plans for MTFP (15) and this section updates Cabinet on the outcomes of the equality analysis of the new MTFP (15) savings proposals. Where savings proposals are developed further, then analysis of impacts will be updated and included in the final decision-making reports.

160 **Adult and Health Services (AHS):** There are several proposals for Adult and Health Services with both service user and staff impacts which are likely to have a disproportionate impact for older people, men, women and people with disabilities due to service user profiles. At this stage, savings proposals cover several services including adult protection, social care direct, substance misuse, learning disabilities and mental health, review teams, sensory support, Pathways and commissioning.

161 The proposal for Pathways, to reduce one day service location providing services for people with learning disabilities, enables efficiencies in terms of staffing and in building revenue costs but also allows for services to be delivered from the most accessible premises. Service user transitions will be carefully managed to minimise any distress or negative impact. Many of the service users live within the vicinity of more than one day centre, so travel disruption for those affected will be kept to a minimum. Consultation with service users and their families will be undertaken as part of the implementation of these proposals.

162 Staffing reductions for locality teams are likely to have a detrimental impact for older people, women and disabled people, some with complex needs. Triage and effective use of assistant roles to work with lower risk clients could mitigate some of the impact. Further improvements, such as streamlining recording practices will be explored.

163 There is a proposal to introduce a subsidised charge of £2.00 per journey (£4.00 return) for individuals accessing Learning Disability provision through our internal fleet service. This will impact people with a learning disability, who receive mobility and/or disability related national benefits for this purpose. The introduction of a subsidised charge still represents value for money for service users and continues to provide access to a safe and

reliable transport service. It also provides equity for those service users receiving transport outside of the DCC fleet and addresses fairness and equity in charging policy. Clear communication will be issued to those impacted by these proposals, which are profiled to be implemented from October 2025.

164 The proposal to review Hawthorn House, Shared Lives and Extra Care arrangements will involve a staffing reduction. This will impact people with disabilities including learning disability. Several posts are already vacant, and this has had minimal impact on service users. However, the reduction in staffing capacity/skill will hamper development of the service. More efficient ways of working / rotas within the Shared Lives team will enhance resilience.

165 In terms of other proposals across Adult and Health Services a reduction in staffing resource could impact the ability to maintain manageable workloads, resulting in a growing backlog, would increase pressures for staff, potentially negatively impact service delivery for the most vulnerable people and likely increase response times for service users.

166 Several mitigations are in place to offset the potential impacts including system and administrative improvements and upskilling of staff to enhance resilience. Where a team is absorbed into the wider service, as with the substance misuse team, specialism would be retained to provide advice and support to all social workers across the system. Impacts will be closely monitored following the change in practice that the saving will bring.

167 Re-deployment of staff, deletion of vacant posts and Early Retirement and Voluntary Redundancy will be utilised where possible to minimise the potential for compulsory redundancy. HR processes will be followed to ensure fair treatment of staff.

168 **Chief Executive Directorate (CEO):** There is a proposal to cease producing a printed version of Durham County News and move this to digital. Digital exclusion disproportionately impacts the following groups: older residents, people with disabilities and people on low incomes (possibly more women and minority ethnic). In mitigation, a limited number of hard copies will be made available in council-owned sites such as customer access points and libraries for members of the public who wish to have them. Reasonable adjustments will be made for people with disabilities who cannot access digital due to their disability. Adjustments will include hard copies and/or alternative formats (large print, audio) distributed to those residents who request this as an adjustment.

169 There is a potential equality impact for the proposed corporate affairs restructure which could lead to reduced activity in equality and diversity, data analysis and intelligence, communications and marketing and community engagement. In mitigation, a broader integration of roles will

maintain specialism and make best use of the available capacity. All statutory functions and core activity will be maintained.

170 Minimal impact on staff is anticipated as savings are expected to be made through Early Retirement and Voluntary Redundancy arrangement, deletion of vacant posts and a reduction in temporary posts. HR processes will be followed to ensure fair treatment.

171 **Children and Young People's Services:** A review of early help and youth justice services to streamline management and operational delivery would involve staff reductions. This may lead to waiting lists for families/carers, children and young people accessing early help and could potentially lead to some cases going more quickly to statutory social care referrals. This would have a disproportionate impact in terms of age (younger and working age) and disability as disproportionally more children and young people with SEND access the service. Also, a likely greater impact on women who generally undertake higher levels of care within the family unit or be a single parent with greater family responsibility.

172 The impact on the early help workforce is likely to be an increase in average caseloads across key workers, as they will be allocated more families to work with. High caseloads can lead to increased pressure on staff in terms of staff wellbeing, sickness, and staff turnover. The workforce is predominantly female, and more females are likely to be impacted.

173 In mitigation, implementation of the Family Hub and Start for Life programme and Supporting Families programme will seek to maximise wider partnership resources for early help work and collective best use of available resources.

174 The review and re-alignment of work in the youth justice service will involve a small staff reduction with minimal impact expected in terms of service delivery. HR processes will be used to ensure fair treatment of staff in both justice and early help.

175 Minimal equality impact is expected because of the remaining CYPS savings proposals.

176 **Neighbourhoods and Climate Change (NCC):** Proposals for Neighbourhoods and Climate Change (NCC) often have community impacts due to the nature of services delivered for residents. There are several proposals to reduce grounds maintenance, grass cutting, planting and weed spraying in open spaces, with weed treatment retained on paths and footways. The approach will be kept under review and any complaints or issues in relation to access will be addressed. Removal of offensive or obscene graffiti on private properties will remain available.

177 Potential staff reductions will be managed through deletion of vacant posts and progression of Early Retirement and Voluntary Redundancy

opportunities where possible to minimise impact. There is likely to be a disproportionate impact for men due to the staff profile in this service. HR processes will be followed to ensure fair treatment. The removal of future apprentice vacancies will reduce future opportunities with a likely disproportionate impact for younger people.

178 **Regeneration, Economy and Growth (REG):** The Care Connect Service provides an emergency alarm and response service primarily for older people and people with additional needs and disabilities. The proposal involves the deletion of vacant posts due to the posts having been vacant for some time with no adverse impact. No negative impact on current staff and service users is foreseen. An improved shift pattern and digitisation efficiencies will maintain robust service delivery and further enhance team resilience.

179 Removal of night-time patrols in Durham city car park (supplied by contractors) is proposed due to changes in parking systems. This could result in car park users feeling less secure on an evening/night which impacts all but may have a disproportionate impact for women. CCTV cameras will remain in operation and the car park has been awarded the Safer Parking ‘Park Mark’ accreditation.

180 Several of the remaining proposals involve the removal of vacant posts or the use of Early Retirement and Voluntary Redundancy exit packages. HR processes will be followed to ensure fair treatment. The removal of future apprentice vacancies will reduce future opportunities with a likely disproportionate impact for younger people.

181 **Resources:** There are several proposals for resources which involve a staff reduction. Disproportionate gender impact is expected in certain job areas, women are more likely to be impacted in Human Resources and men in Digital Services. A reduction in staffing can lead to greater pressure on teams to maintain service delivery as these savings come on top of prioritised reductions in back-office services in previous MTFP rounds and could impact on individuals’ wellbeing. Greater prioritisation of available resources, cessation of some activity / support, new ways of working (including greater manager self-serve), process improvements and digitisation help to minimise impact for staff and customers.

182 The outcome of future budget reviews in Business Services may not be sufficient to resource all apprentice posts going forward. Although current apprentices within the service are not impacted this would impact any future intake. An analysis of the current cohort shows this could potentially have a disproportionate impact in terms of gender (women) and age (younger age groups). This could potentially remove up to 25 apprentice opportunities.

183 HR processes will be followed to ensure fair treatment with utilisation of Early Retirement and Voluntary Redundancy exit packages where possible.

184 **Corporate:** The review of Section 13a Council Tax discount for properties impacted by the empty homes' premium will be subject to a Cabinet report in due course. At this stage, no differential impact is identified.

185 No specific equality impact is expected in relation to the remaining corporate savings proposals.

Budget Consultation

186 The Council conducted a detailed "first phase" consultation between 20 September and 1 November 2024. This revolved around using our existing County Durham Partnership networks, including the fourteen Area Action Partnerships (AAPs) and the thematic partnerships that support the County Durham Partnership. Additional work was undertaken with special interest groups, and we received responses from residents via the council's website, which we promoted through the council's presence on various social media platforms.

187 The first phase consultation considered the scale of the savings gap presented in the 18 September Cabinet Report and was used to gauge views on the saving proposals previously agreed in February 2024, that will be taken forward, and on the potential for any additional council tax raising powers.

188 Between 20 Sept and 1 Nov 2024, we carried out a consultation with our residents and partners regarding proposals to balance the council's budget for the next financial year (2025/26) and Medium Financial Term Plan 2026-2029. We asked respondents:

(a) Do you agree or disagree with this continued approach to help balance the budget for 2025/26?

(b) To help us to continue to prioritise areas for savings please select three service areas (from a list provided) to target for savings.

(c) Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

(d) If you have answered that you disagree with a council tax rise of 2.99%, or above if the government allowed, please select another three service areas to target for savings.

(e) If you have any further comments to make, please provide your feedback.

189 This consultation was promoted following the Council's standard approach. The approach enabled the council to engage with over 3,500 people. 237 survey responses were received. 89% of residents responding to the survey provided equality data.

Method	**Number**
Survey (online and paper returns)	237
AAP meeting attendance	244
Partner letters/emails	7
DYC member contribution	42
Total	530
Social media engagement	Post engagement reached 3,100

190 **The Councils overall approach and areas that should be prioritised for savings:** We received 229 responses to these questions. 70% of responses either agreed or neither agreed nor disagreed, whilst 30% disagreed. To help us prioritise where to make budget reductions, respondents were asked to select three service areas to target for savings. We received 708 responses to this question. The top four areas are as follows:

	Frequency	**Percent of respondents**
Culture	98	41.5%
Environment and climate change	74	31.4%
Planning services	63	26.7%
Local community projects	62	26.3%

191 **Council Tax increases of 2.99% (plus potential additional increase if the government allowed):** We received 232 comments relating to this question. Over 50% of responses agreed with the rise in council tax at either 2.99% or a higher amount. Where respondents disagree with the proposal to raise council tax by 2.99%, they were asked to select another three service areas to target for savings. We received 324 credible responses to this question. The breakdown top four areas are as follows:

	Frequency	**Percent of respondents**
Culture	35	32.4%
Planning services	29	26.9%
Environment and climate change	28	25.9%
Preventative services	27	25.0%

192 **Additional comments:** 242 additional comments were received. The following has been generated by the Council's AI tool, Co-Pilot, using the prompt: Identify common themes in order of prevalence and summarise. Do not deviate from the content of the (responses) document:

(a) Reduction of management and staff costs

(b) Reform of Council Tax

(c) Service efficiency and automation

(d) Preservation of community and cultural services

(e) Reduction of Wasteful Spending

193 The summary has been crossed referenced for due diligence through a process of manual coding of the open text comments and has found the AI summary to be accurate. This process also found that the main responses could be grouped into the following similar categories:

(a) Areas for additional savings and efficiencies: covering the need to review a range of processes/schemes/projects/services. (30)

(b) Council tax specific: regarding opportunities to increase council tax income by imposing council tax on students/student landlords/private landlords. (18)

(c) Areas for additional savings and efficiencies: covering reduction in staffing/manager roles. (17)

(d) Service protection, preservation, enhancement: covering the protection of front line/visible services (libraries, grass cutting, leisure, community projects). (14)

(e) Areas or additional savings and efficiencies: covering salary reductions, performance related pay, sickness pay review. (11)

194 Residents provided the majority of the responses to the survey at 93%. The majority of Elected Members either agree, or "neither agree nor disagree" with the Council's continued approach to savings. DCC employees were more favourable regarding the Council's continued approach to savings proposals and proposals regarding council tax increase when compared to residents. Feedback from business owners showed similarities in responses.

195 **Summary of additional feedback – AAP Board Meetings:** A presentation was delivered to each AAP Board where they could ask questions and provide feedback. Where feedback aligned to the itemised

service list provided, areas to prioritise for further budget reductions covered:

(a) Culture

(b) Leisure and wellbeing Community

(c) Safety and protection

(d) Customer access and customer services

(e) Street cleaning and grounds maintenance

196 Area Action Partnerships were asked about Council Tax increases of 2.99% (plus potential additional increase if the government allowed). The feedback covered the following key common areas:

(a) Council tax banding reform

(b) Opportunities to increase council tax income

(c) Understanding re: council tax increase

(d) Concern re: council tax increase

(e) Improved understanding and perceptions re: council tax income

197 Area Action Partnerships provided additional comments and feedback including ideas or suggestions as to areas where we can raise further income or make more efficiencies:

(a) Income generation questions, ideas and suggestions: Specific areas included income generation from council assets, developments, local facilities, lobbying central government for increased funding and NE devolution opportunities.

(b) Areas for improved efficiency: Specific areas where efficiencies should be found covered:

(c) Children and young people’s services

(d) Home to School Transport

(e) Adult Social Care:

(f) Views on how proposal will impact people

(g) Overall position and financial approach

(h) Importance of the consultation exercise

Summary of additional feedback from residents and partners

198 A range of feedback from partners was received via letter, email and the consultation survey. A resident provided feedback via direct email which aligned to the majority survey responses. Overall feedback from partners showed appreciation for the challenging financial situation the Council face, agreement regarding the Council's continued approach to savings proposals and council tax increase, although expressed empathy and awareness of the impact of savings on communities.

199 Partners also highlighted areas for the Council to explore to make efficiencies including collaborative and integrated approaches to service provision through continued partnership approach. There was evidence within the partners feedback regarding support for further lobbying on key issues at central government level.

200 Durham Youth Council received a presentation. Discussion at the meeting highlighted concern that savings made within the back office may impact negatively on the front-line, placing strain on the overall functionality of the Council. Following the meeting DYC submitted a comprehensive consultation report.

201 The second stage of the consultation process will commence following consideration of this report and will run from Friday 6 December 2024 to Friday 17 January 2025. The second phase consultation will consider the savings options set out in this report, which have been developed as part of MTFP (15) Planning process and will provide a further opportunity for comment on the updated budget assumptions set out in the report.

Corporate Overview and Scrutiny Management Board (COSMB)

202 The Corporate Overview and Scrutiny Management Board (COSMB) have provided detailed scrutiny of the MTFP (15) proposals on 3 October 2024. A further Corporate Overview and Scrutiny Management board is scheduled for 9 December 2024 – to consider the contents of this report. The key themes discussed on 3 October 2024 related to:

(a) The need for more details to be provided in future consultations to allow respondents to make more informed decisions on options to make savings and other measures to balance the budget position.

(b) The need to be clear on why there are few other options available to balance the budget position other than to raise council tax and make cashable savings.

(c) Concerns were raised about the capital and revenue costs of the Durham Light Infantry Museum and Art Gallery Project.

(d) Wider concerns were raised about the Council's financial and resource capacity to deliver a very complex capital programme with multiple projects and activities.

(e) Concerns were also raised about the potential reliance on reserves to balance the Council's revenue budget position, and this needed to be minimised as far as possible to avoid risks of a Section 114 Notice being triggered and/or the need for targeted Central Government Intervention.

Overall Position

203 Factoring in the various updated assumptions set out in this report, the known outcomes of the Autumn Budget Statement and before consideration of the new savings proposals that have been developed, the updated MTFP(15) Budget Deficit / Savings Requirement has worsened when compared to the forecasts that were set out in the September report:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**TOTAL £'000**
MTFP (15) Forecast Budget Deficit / Savings Requirement – December 2024	25,615	18,912	12,455	12,806	69,788
MTFP (15) Forecast Budget Deficit / Savings Requirement – September 2024	21,720	23,671	10,622	8,117	64,130
Increase / (Decrease) in Forecast Budget Deficit / Savings Requirement Between MTFP (14) and MTFP (15).	**3,895**	**(4,759)**	**1,833**	**4,689**	**5,658**

204 The new savings proposals to help balance the budget and MTFP (15) position, which total £15.836 million and are profiled across the four years, do not balance the budget next year or thereafter and there remains a significant budget gap in 2025/26 and across the entire four-year MTFP (15) time-period. These new savings are itemised in Appendix 3. Factoring in the proposed savings the updated MTFP (15) forecasts can be summarised as follows:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**TOTAL £'000**
MTFP (15) Forecast Budget Deficit / Savings Requirement – December 2024	25,615	18,912	12,455	12,806	69,788
New MTFP (15) Savings Proposals	(14,654)	(667)	(515)	1	(15,836)
MTFP (15) Budget Deficit / Savings Requirement After New MTFP (15) Savings Proposals	**10,961**	**18,245**	**11,940**	**12,807**	**53,952**
Budget Deficit / Savings Requirement in 2026/27 assuming 2025/26 position is balanced by use of reserves		**29,206**			

205 If all the additional savings of £15.836 million are agreed at Full Council on 19 February 2025, the forecast budget deficit (savings) shortfall would be reduced to £10.961 million in 2025/26 and across the four-year the savings gap would be £53.952 million across the full four-year period. Of particular concern would be the position in 2026/27 if the £10.961 million gap is funded from reserves – this would result in a budget deficit / savings requirement of £29.206 million that year.

206 The revised assumptions detailed in this report which are detailed in Appendix 4, can be summarised as follows:

	2025/26 £'000	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**Total £'000**
Pay Inflation	8,850	7,458	6,047	6,147	**28,502**
General Inflationary Pressures	2,437	3,857	3,527	3,360	**13,180**
Employer National Insurance	6,000				**6,000**
Adult Social Care (incl NLW & NI Impact)	14,533	8,427	8,404	8,134	**39,518**
Childrens Social Care	13,729	5,798	2,629	1,701	**23,857**
Home to School Transport	2,591	1,555	1,636	2,034	**7,816**
Investment in EHCP Capacity	1,127				**1,127**
Investment in DLI Reopening	300				**300**
Waste Collection - Simpler Recycling		1,600			**1,600**
Waste Disposal - New Contract				3,000	**3,000**
Housing Benefit Subsidy Loss	680	(280)			**400**
Electrification of Vehicle Fleet	102	358	988	211	**1,659**
Capital Financing / TM Issues	8,590	8,187	3,761	1,978	**22,516**
Pension Fund Revaluation		1,000			**1,000**
Other – Including Energy savings in year 1	(969)	1,258	1,249	1,340	**2,858**
Total Budget Pressures	**57,970**	**39,218**	**28,241**	**27,905**	**153,333**
C. Tax Increases / Taxbase Growth	(11,900)	(10,300)	(10,600)	(10,950)	(43,750)
C. Tax Second Homes Premium	(650)				(650)
B. Rates Increases / Taxbase Growth	(1,148)	(750)	(500)	(500)	(2,898)
Govt. Grant – RSG / Social Care Grant	(7,000)				(7,000)
Food Waste Funding (assumed)		(1,600)			(1,600)
Govt. Grant – National Insurance Funding – Staff Costs	(6,000)				(6,000)

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Govt. Grant – CPI Top Up (SFA)	(2,788)	(4,572)	(4,032)	(3,749)	(15,140)
Govt. Grant – Other Specific Grants	(3,200)	100	100	100	(2,900)
Use of Reserves to Balance 2024/25	3,720				3,720
Savings Already Agreed – MTFP (14)	(3,389)	(3,184)	(754)		(7,327)
New MTFP (15) Savings Proposals	(14,654)	(667)	(515)	1	(15,836)
Budget / MTFP Gap (Savings Req.)	**10,960**	**18,245**	**11,940**	**12,807**	**53,952**

Reserves

207 As part of the 2023/24 final accounts, and in recognition of the financial challenges the Council will face in 2025/26 and beyond, a thorough review of all earmarked reserves was undertaken, with a key aim of seeking to replenish and increase corporate reserves such as the MTFP Support Reserve and the Early Retirement/Voluntary Redundancy (ER/VR) reserve to ensure corporate capacity is in place to support future MTFP's.

208 The redirection to corporate reserves ensured that there is sufficient capacity in place to meet corporate commitments going forward and strengthen the Council's ability to set balanced budgets over the coming years.

209 In total, £18.330 million of reserves were repurposed to replenish corporate reserves, with those reserves increased as follows:

Corporate Reserve	Amount £ Million
MTFP Support Reserve	9.330
Commercial Reserve	5.000
ER/VR Reserve	2.500
Elections Reserve	1.000
Culture Reserve - Lumiere	0.500
Total	**18.330**

210 The Council's General Reserve is forecast to be £26.727 million on 31 March 2025 based on the latest quarter two forecast of outturn. This is £1.5 million below the required 5% minimum threshold (of the Council's net revenue budgets) set out in the Reserves Policy agreed by Council and will

necessitate a transfer from the MTFP Support Reserve at year end to ensure we enter the new year with at least 5%.

211 On 31 March 2025 the Council is forecasting that £163.4 million of earmarked reserves will be held, with £63.9 million of this related to corporate strategic reserves which are essential for MTFP (15) planning purposes and can be summarised as follows:

(a) MTFP Support Reserve - £32.6 million (balance prior to required transfer to General Reserve);

(b) Early Retirement & Voluntary Redundancy Reserve - £8.4 million;

(c) Commercial Reserve - £14.1 million;

(d) Equal Pay Reserve - £2.5 million;

(e) Insurance Reserve - £4.1 million; and

(f) Elections Reserve - £2.2 million.

212 The Council's reserves' position is closely monitored and benchmarked against other local authorities and is a measure of the financial resilience of a local authority. An early warning sign of a financially distressed council is when a council is running its reserves down to an unacceptably low level or is running its reserves down at a very fast rate.

213 The CIPFA Financial Resilience Index has identified the Council as having the highest use of reserves over the last 3 years, in comparison to our statistical neighbours and an above average use of reserves compared to all other Unitary Authorities in England – to 31 March 2023 – reflecting Cabinet decisions to progress plans and expend earmarked reserves on the issues for which they were set aside. The Council's comparative position will be updated and reported to cabinet when comparative 2023/24 data becomes available.

214 In 2023/24 our reserves position reduced by a further £14 million. This reduction also reflects Cabinet decisions to progress plans and expend earmarked reserves on the issues for which they were set aside.

215 The Council has a significant risk around the potential need to write off the High Needs' Cumulative Deficit, which sit in an unusable reserve because of a Statutory Override, and which could amount to around £40 million to write off by 31 March 2027 unless the statutory override is extended further.

216 The Quarter 2 forecast of revenue outturn position for 2024/25 shows an in-year General Fund overspend of £5.334 million (an increase of £1.2 million on the Quarter 1 projections) and the High Needs Cumulative Deficit as of 31 March 2025 will be around £22 million (and increase of

£11.6 million in 2024/25). The in-year reduction in Earmarked Reserves in 2024/25 based on the quarter two forecast of outturn is £12.888 million.

Budget Timetable

217 The high-level timetable up to budget setting in February 2025 is set out below:

Date	Action
04 December 2024	MTFP (15) update report to Cabinet – outcome of Ph1 Budget Consultation and consideration of all savings plans and Transformation proposals for MTFP (15)
06 December 2024	Commence phase 2 consultation.
09 December 2024	Corporate Overview and Scrutiny Management Board consider 4 December Cabinet Report
19 December 2024	Local Government Finance Settlement will be announced.
15 January 2025	MTFP report to Cabinet – analysis of provisional local government settlement published in December.
17 January 2025	Phase 2 of the Budget Consultation Closes
21 January 2025	Corporate Overview and Scrutiny Management Board consider 15 January 2025 Cabinet Report
12 February 2025	Budget Report to Cabinet – outcome of Ph2 Budget Consultation and finalising of savings plans and Transformation proposals for MTFP (15) + Consideration of Capital Programme
13 February 2025	Corporate Overview and Scrutiny Management Board consider 12 February 2025 Cabinet Report
19 February 2025	Council Budget and MTFP (15) report and Council Tax Setting Report

Risk Assessment

218 There is significant uncertainty and a wide range of financial risks that need to be managed and mitigated across the short, medium and longer term. The risks faced are exacerbated by the council's responsibility for business rates and council tax support, and the late timing of the

Government’s Local Government Finance Settlement. All risks will be assessed continually throughout the MTFP (15) planning period. Some of the key risks identified include:

(a) New Government: The new government have not had sufficient time to make any significant changes to local government funding allocations, nor commit to a longer-term funding settlement this year. The Council has lobbied the new Government as a single council and as a regional group of north-east councils to identify a range of measures / formula changes which could be implemented by the new Government to more effectively target and allocate funding across local government, which would benefit this council. The Government have indicated they will look to make targeted changes for 2025/26 and ensure that deprivation and need alongside council tax raising capacity will be more significant factors in the formulae from 2026/27 onwards but it is by no means certain how these changes will be made and over what period.

(b) Balanced Budget: There remains a significant challenge to ensure a balanced budget and financial position is achieved across the MTFP(15) period – including balancing the Council’s appetite to take decisions to increase council tax, alongside the likely need to still must reduce service provision given the council inherent low tax raising capacity, high and increasing unavoidable demand / cost pressures and its reliance on Government grant funding.

(c) Savings Plans & Transformation: New savings plans have been produced and published as part of this report, which have been risk-assessed in terms of their impact upon customers, stakeholders, partners, and employees and the report includes an equality impact assessment on these proposals. The proposals will need to be subject to consultation as part of the next phase of budget consultation. There will need to be suitable levels of management oversight on the delivery of those savings to ensure they are delivered and realise the financial returns expected.

(d) Fair Funding Review: Whilst the Government have committed to undertaking a Fair Funding Review, which could be implemented in 2026/27, this review could be delayed further or de-prioritised. The timescales for implementation in 2026/27 are very tight.

The conditions of such a review could be predicated on more wide-ranging reform of English local government structures – which are inconsistent in terms of county/district functions in some parts of the country and mayoral authority arrangements in place.

Implementation of fair funding reforms could result in significant changes to the distribution of government funding. The delay to this review also potentially delays the prospect of a Business Rates

Reset as part of the Business Rate Retention (BRR). Whilst it would appear unlikely that a business rate reset will be implemented until the Fair Funding Review is progressed, the Council has lobbied Government to suggest this reset could and should take place in advance of this. The Council would expect to be a beneficiary of any business rate reset as business rate income growth in the County has been lower than the national average since the implementation of BRR in 2013/14, and the Council could because of this review expect to review increased Top-up Grant funding as a Council which does not collect Business Rates income up to the national average.

(e) The Council retains 49% of all business rates collected locally but is also responsible for settling all rating appeals. Increasing business rate reliefs and the 'check and challenge' appeals process continue to make this income stream highly volatile and will require close monitoring to fully understand the implications upon MTFP (15).

(f) The localisation of council tax support which passed the risk for any increase in council tax benefit claimants onto the council. Activity in this area will need to be monitored carefully with medium term projections developed in relation to estimated volume of claimant numbers. The Council's local council tax scheme is very generous compared to other neighbouring local authorities, and therefore any increase in uptake in this scheme has a compounding effect on the Council's income-generating tax base and is susceptible to any adverse economic fluctuations. A further review of this scheme in advance of 2026/27 will be required, and amendments may need to be made to make this scheme more affordable.

(g) The impact of future increases in inflationary factors such as the National Living Wage and Local Government pay awards, and the impact of additional costs of business for our suppliers associated with a significant increase in Employer National Insurance taxation.

The assumptions for future pay awards have had to be uplifted in this report. Every 1% in terms of the pay award adds circa £3.0 million to the Council's pay bill, whereas every 1% increase in the National Living Wage adds circa £1.2 million of costs into the council's base budget for Adult Social Care – increasing the funding gap that needs to be bridged to balance the Council's budget. The increases in National Living Wage announced on 30 October 2024 of 6.7% were much more substantial than previously forecast. There is a risk that the Government's broad statements that local authority employer national insurance contributions will be funded may not fully materialise.

(h) The Council continues to experience significant increases in demand for social care services – particularly children's social. Significant budget allocations have been set aside in MTFP (15) for these areas, especially Children's Social Care. These allocations are being closely monitored and the forecasts have been externally validated, as in recent years the Council has seen the eventual outturn forecasts in these areas exceed the budget allocations set aside to fund these pressures. This is the case once again in 2024/25 with CYPS forecast to be £9.5 million overspent this year despite a £12m budget uplift being provided for in terms of growth in children looked after placement costs.

The Council appointed external consultants to undertake a detailed diagnostic assessment of these costs, review existing mitigation measures and to suggest other measures that could be taken to offset an estimated rising trend of volumes of looked after children and overall costs per case. The findings of this review concluded that without taking additional substantial measures to mitigate this demand and cost pressure, over and above our existing plans, the Council will likely spend £30m more than the assumed budgetary growth projections included in this MTFP (15) report. A series of measures to manage this demand are currently being developed and will be reported to Cabinet by March or April 2025. These measures will potentially require a drawdown from reserves to pump-prime activities, additional capital investment and/or permanent base budget growth to support transformational change in how we manage children's social care demand.

(i) High Needs Dedicated Schools Grant: officers have reported to Schools Forum and lobbied the new Government regarding its projections for the current and future High Needs Deficit Shortfall. At the end of 2023/24, this cumulative deficit was £10.595 million, with a further £11.572 million shortfall in 2024/25 predicted at Quarter 2, increasing the cumulative deficit to £22.167 million.

Local Education Authorities are required, using a statutory override, to charge the cumulative high needs deficit to an Unusable Reserve on the council's balance sheet. This statutory override is due to end on 31 March 2026, and as things stand, the value of the high needs deficit the following year (31 March 2027) would need to be charged to the General Fund Reserves. The value of the deficit at that point (March 2027) was estimated to be £44 million and would place significant financial strain on the Council's depleted reserves levels at this point. This level of deficit is also placing additional challenges on the Council's cash-flow planning arrangements and it is estimated that loss of interest on the HN DSG deficit balance is around £0.750 million this year for the council.

The local authority sector is lobbying Government to highlight that many authorities are at risk of issuing s114 notices due to the emerging substantial high needs deficit balances.

As part of the Autumn Budget Statement, it was announced that there would be an additional £1 billion added to overall High Needs budgets. This means an increase to High Needs funding of over 9%, compared to 2024/25. Local authority allocations will not be published until 19 December 2024.

The Council assumes it will receive an additional £9 million, although of this a £3 million assumed increase was already factored in for notional inflationary uplifts. The extra £6 million is welcome, however Cabinet should note it does not fully cover the assumed planned High Needs Deficit forecast for 2024/25 let alone the forecast deficit that will materialise in 2025/26.

The Autumn Budget Statement provided no further update on arrangements to continue the Statutory Override for carrying forward cumulative deficits or seek to write off these cumulative deficits from local education authority balance sheets. This omission is very concerning and heightens the risks of the statutory override ending and any deficit write-offs not been funded by central government.

(j) Prudential Borrowing: The Council's current Capital Programme / Capital Investment Plans are predicated on high levels of future borrowing, with the Council currently managing a highly under-borrowed position, whereby the actual level of debt held is significantly below the levels of debt required to be held by the Council in line with its underlying Capital Financing Requirement. The Council will need to borrow c.£350 million over the next two-years from the date of this report to fund the existing programme and remain sufficiently solvent.

The MTFP (15) forecasts assumes that borrowing will be from the Public Works Loan Board at rates of between 4.0% to 4.5%, in the anticipation that rates will fall from their current levels of around 5.7% (for forty-year borrowing) between September 2024 and April 2025. This planned fall in PWLB rates may not happen, and therefore if PWLB rates were 1 percentage point higher than the assumed 4.5% in 2025/26, the borrowing costs for this additional necessary debt would be £3 million higher than the budget provision set aside.

In November 2024, the Monetary Policy Committee of the Bank of England cut the bank base rate by 0.25% but in doing so projected that interest rates may not fall as fast as originally anticipated during 2025.

(k) The financial forecasts will continue to be reviewed and refined, and further updates will be provided across the coming months in advance of reporting the updated position to the Cabinet meeting in February 2025.

Conclusion

219 This report updates the financial planning assumptions for MTFP (15). Cost pressures have increased significantly since 18 September 2024 – an increase of £24.4 million to £153.333 million across the four-year planning period – largely because of the National Living Wage announcements, the impact of this on pay inflation assumptions, the changes to Employers National Insurance and updated CPI forecasts. This increase in cost pressures more than eclipses the increases in funding of £18.778 million across the four-year period since the 18 September MTFP (15) Cabinet report which factors in the know increases in governed finding, the impact of updated CPI uplift assumptions and the improved council tax base position.

220 Further work needs to be undertaken to understand whether supplier cost pressures will rise by more than the assumptions included in this report, for the impact of rising national living wage and employer national insurance costs.

221 The financial gap across the four-year MTFP (15) period, before new savings are considered stands at £69.788 million - with a budget gap of £25.615 million in 2025/26.

222 Cabinet have developed £15.8 million of new savings proposals of which £14.7 million are proposed to be implemented in 2025/26.

223 These new savings proposals are in addition to the £7.327 million of savings (as amended) that were previously agreed in MTFP (14).

224 Even if all savings are subsequently agreed, and assuming no further changes to the financial planning assumptions, there is still a budget gap / additional savings requirement of £10.960 million in 2025/26, and a four-year gap of £53.952 million. Significantly, the savings gap in 2026/27 should the £10.960 million gap in 2025/26 be addressed using reserves would be £29.206 million.

225 The impact of the new savings proposals on front line service delivery have been kept to a minimum, and the implementation of these savings provides some time to make much more substantial and wide-ranging transformational savings from 2026/27 and into later years.

226 A second public consultation is planned and will commence on 6 December 2024 and run until 17 January 2025. This phase of budget consultation will allow views to be provided on the new savings proposals. Corporate Overview and Scrutiny Management Board will consider the contents of this report and the new savings proposals at its meeting on 9 December 2024.

227 More details on the budget position will be revealed once the Council receives its detailed allocations in the Provisional Local Government Finance Settlement on 19 December 2024. At that point, the Council should receive clarity on options to raise Council Tax by more than 2.99% - which would provide an option to reduce the 2025/26 budget gap of £10.960 million. A 2.0% increase in the adult social care precept would generate £5.8 million, which would reduce the gap to £5.160 million.

228 An overview of the Provisional Local Government Finance Settlement, alongside any further updates to the financial planning assumptions set out in this report will be presented to Cabinet on 15 January 2025.

Other useful documents

- Medium Term Financial Plan (14), 2024/25 to 2027/28 – Report to Council 28 February 2024
- Medium Term Financial Plan (15), 2025/26 to 2028/29 – Report to Cabinet 18 September 2024

Council Tax Base 2025/26 and Forecast Surplus / Deficit on the Council Tax Collection Fund – Report to Cabinet 13 November 2024

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Appendix 1: Implications

Legal Implications

The council has a statutory responsibility to set a balanced budget for 2025/26. It also has a fiduciary duty not to waste public resources and recklessly run down reserves to an unacceptably low level.

Finance

The report includes a range of changes to the 2025/26 and MTFP (15) financial planning assumptions, some of which reflect announcements made in the Chancellor of the Exchequer's Autumn Budget Statement, which was presented to the House of Commons on 30 October 2024.

The report sets out details of additional new MTFP (15) savings of £14.7 million in 2025/26 and £15.836 million in total across the MTFP (15) planning period. These are set out at Appendix 3 and will be subject to public consultation between 6 December 2024 and 17 January 2025.

There are also £7.327 million of savings approved as part of MTFP (14) that can be delivered between 2025/26 and 2027/28, with the savings previously agreed having been reprofiled and reviewed. The updated schedule of previously agreed savings is set out at Appendix 2.

Despite these savings, there remains a shortfall for 2025/26 of £10.960 million, with a four-year gap of £53.952 million forecast assuming all these additional savings are implemented.

The savings plans have been fully assured in terms of delivery with every attempt made to seek to protect front line services as far as possible.

The Government have provided indicative additional funding to local government in the finance settlement for 2025/26, however this additional funding as it stands does not match the significantly higher increases in cost pressures due to demand pressures in children's social care, school transport, payroll costs and adult social care costs (due to rising national living wage and employer national insurance costs), and this gap could be reduced further.

The Council is likely to be required to utilise reserves to balance its budget next year.

The MTFP Support Reserve balance on 31 March 2024 was £36.299 million, however, £3.720 million was utilised to balance the 2024/25 revenue budget, leaving an unallocated balance of £32.579 million available to support MTFP (15). The four-year financial gap of £53.952 million is far more than the remaining MTFP Support Reserve Balance, and therefore additional savings measures and council tax rises (above the assumed annual increases of 2.99% already factored into planning assumptions) must be considered. The outcome of any fair funding review may improve this position, but the indicative timescales for this review are challenging and may be heavily dampened in terms of their redistributive impact across English local authorities.

The use of reserves to excessive levels to balance budgets is not a sustainable long term budget strategy. There remains a significant risk that the Council may be forced to use its significantly depleted reserves to fund the writing off of any large cumulative High Needs Deficit as at 31 March 2027 (no clarity was provided regarding these arrangements in the Autumn Budget Statement).

Consultation

Consultation on the 2025/26 budget and MTFP (15) began in September with a range of meetings with the fourteen AAP's and with a public consultation and online surveys available via the Councils website.

The report includes a summary of the feedback received during the first phase of budget consultation – with full details provided at Appendix 6.

Additional consultation will take place with AAP's and partners in relation to the new savings proposals included in this report during December and January. This will include the fourteen Area Action Partnerships (AAPs) and the thematic partnerships that support the County Durham Partnership.

The Corporate Overview and Scrutiny Management Board will continue to provide scrutiny of the MTFP (15) and budget setting process. The views of COSMB on the initial budget forecasts presented to Cabinet on 18 September 2024 are set out in the report.

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 consider when considering these savings proposals.

The report contains summary details of the impact assessment that has been undertaken on the proposed savings.

Climate Change and Biodiversity

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. The proposals with regards to ceasing weed spraying around fence lines and obstacles on open spaces will make a positive ecological impact and encourage biodiversity, although weed treatment on paths and footways is retained.

Human Rights

Any human rights issues will be considered for all proposals agreed as part of MTFP (15).

Crime and Disorder

None

Staffing

The new savings will result in the deletion of around 214 full time equivalent posts, of which around one third of these posts are currently classified as being vacant – with this figure set to rise further during the remainder of the financial year.

The previously agreed savings proposals include 216 full time equivalent post reductions also.

Re-deployment of staff, deletion of vacant posts and Early Retirement and Voluntary Redundancy will be utilised where possible to minimise the potential for compulsory redundancy. HR processes will be followed to ensure fair treatment of staff.

Land and Property

Additional Budgetary growth of £400,000 has been included in MTFP (15) to cover additional revenue repair and maintenance costs associated with the Council's land and property. More substantial allocations of capital funding will be required to augment existing capitalised maintenance and structural infrastructure investment budgets.

Risk

The Council is continuing to operate in a period of significant financial uncertainty. When the 2024/25 budget was approved on 28 February 2024, the council was concerned about the ongoing and consequential impact of high levels of demand for services and historic high levels of inflation. These concerns remain.

Prudent financial planning assumptions have been made in terms of forecasting the base budget pressures the council will face over the coming years. The underpinning rationale is explained in detail in the report and a range of key risks and issues is set out in the body of the report.

The savings plans attached at Appendix 2 to 3 have been assured in terms of delivery with every attempt made to seek to protect front line services as far as possible.

The report includes details of the impact assessments and key risks associated with the additional new savings proposals included at Appendix 3, building on information provided on the savings detailed in previous reports.

Procurement

None

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APPENDIX 2

Medium Term Financial Planning 14 SAVINGS

Adult and Health Services

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Commissioned Services - Efficiencies	Review of contractual arrangements across Adult and Health Services	0	0	0	0	**0**
Market Shaping - Reablement & Direct Payments	Maximising use of reablement and direct payments to promote independence for service users	250,000	300,000	0	0	**550,000**
High Cost Learning Disability Care Packages	Review of specialist/high cost care provision across learning disability services	210,484	0	0	0	**210,484**
Review of Non-Assessed Community Based Services	Review of non-assessed community-based commissioned services	93,000	0	0	0	**93,000**
Total - Adult and Health Services		**553,484**	**300,000**	**0**	**0**	**853,484**

Chief Executives

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of Legal Services	Review and restructuring of Legal Services Team	0	127,640	0	0	**127,640**
Review of Legal and Democratic Services non employee budgets	Review / Reduction of Non Staffing Budgets	0	12,000	0	0	**12,000**
Legal and Democratic Services - Non-staffing reductions	The service has a small, combined training/conference fees & seminars budge - proposal is to reduce this	0	0	9,000	0	**9,000**
Total - Chief Executives Office		**0**	**139,640**	**9,000**	**0**	**148,640**

Children and Young People Services

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	
Review of Support Services	Delivering resource efficiencies in the provision of non frontline services through greater automation of tasks and simplifying systems.	210,000	0	0	0	**210,000**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
New approach to delivering One Point activities	Planned reduction in physical activities held in centres with increased use of technology and virtual services for Families, which support the new work on development of Family Hubs	50,000	0	0	0	**50,000**
Early Help, Inclusion and Vulnerable Children Services review	Achieving efficiencies within Early Help services through turnover of staff, reviewing deployment of staffing resources and use of non council funding to support activity	84,000	84,000	0	0	**168,000**
Restructure of Adult Learning Service	Changes to the Councils Adult Learning Service to align to the future direction of Education, Employment and Training opportunities for disadvantaged Young People	70,000	0	0	0	**70,000**
Reduction in Historic Further Education Liabilities	Planned reduction in Service Pension liabilities	221,000	200,000	100,000	0	**521,000**
Review of Music Service	Review of current model of delivery, including overheads, pricing policy and accommodation.	40,000	0	0	0	**40,000**
Review of council nursery provision	Review of provision of early years and council run nursery services	0	0	150,000	0	**150,000**
Total - Children & Young People Services		**675,000**	**284,000**	**250,000**	**0**	**1,209,000**

Neighbourhood and Climate Change

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of Community Protection Structure & Income Generation	A restructure of the service will deliver efficiency savings along with some income generation opportunities	195,000	50,000	0	0	**245,000**
Increase in Fees and Charges within Environmental Services	Increases would relate to Refuse & Recycling, Fixed Penalty Notices, and Durham Crematoria surplus	100,000	90,000	0	0	**190,000**
Review of Neighbourhood Protection	Identification of efficiencies within Neighbourhood Protection	0	180,000	180,000	0	**360,000**
Review of Allotments	Review of maintenance and fees for council retained allotment sites	11,750	11,750	11,750	0	**35,250**
Review of Local Networks	Review of the Local Network model, taking into account the ongoing Boundary Commission review of the County Council's Elected Member boundaries	250,000	250,000	0	0	**500,000**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of Pest Control Charging	Review of the existing pricing for domestic and commercial treatments, including retention of support for households on council tax relief scheme.	10,000	10,000	10,000	0	**30,000**
Clean and Green	Review of Clean and Green Service provision including move to perennial bedding, income generation and efficiencies in street cleansing.	50,000	169,374	160,000	0	**379,374**
TOTAL - Neighbourhoods and Climate Change		**616,750**	**761,124**	**361,750**	**0**	**1,739,624**

Regeneration, Economy and Growth

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Moving vehicle/Bus Lane enforcement income.	Introduction of camera enforcement intended to address moving traffic offences, and to increase compliance at existing Framwellgate Moor bus lane restrictions	0	30,000	0	0	**30,000**
Increase surplus rental income on commercial properties	Additional rental income generated from commercial properties managed by Business Durham	48,438	0	0	0	**48,438**
Service Review of Catering, Cleaning & Facilities Management	Service efficiencies from catering, cleaning and facilities management through strategic service review including commercial opportunities, opening hours, levels of service etc	90,000	95,000	0	0	**185,000**
Review of Office Accommodation - New Head Quarters operating costs	Saving in running costs generated from the move from County Hall	0	275,000	0	0	**275,000**
Catering review	Review of service to ensure it is cost neutral	100,000	0	0	0	**100,000**
TOTAL - Regeneration, Economy and Growth		**238,438**	**400,000**	**0**	**0**	**638,438**

Resources

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of Human Resources and Employee Services and Training budgets	Review and restructure of the Human Resources and Employee Services Team and Efficiencies in Training budgets through digitisation of learning	0	86,940	0	0	**86,940**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of Business Support (administration)	Review and restructuring of the Business Support service	0	517,000	0	0	**517,000**
Review of Internal Audit and Insurance	Review and restructure of Internal Audit and Risk, including a review of services to external clients to generate additional income	0	43,000	0	0	**43,000**
Review of Digital Services	Review and restructure of Digital Services Team	164,011	0	0	0	**164,011**
Review of Digital Services non employee budgets	Review / Reduction of Non Staffing Budgets	65,000	0	0	0	**65,000**
Review of Transactional and Customer Services non employee budgets	Review / Reduction of Non Staffing Budgets (including income budgets)	0	102,120	0	0	**102,120**
Review of Customer Services	Review of Customer Access Point provision and service model in line with changing customer demands	160,000	59,000	0	0	**219,000**
Review of Transactional and Customer Services	Review and restructure of Transactional and Customer Services Team through Introduction of new systems, process review and new ways of working	48,728	0	0	0	**48,728**
Corporate Finance and Commercial Services - Review of Service Structures	A review of roles and more effective utilisation of Oracle will enable a reduction in the resource requirement.	150,000	0	0	0	**150,000**
Digital Services - Further Review of Service Structures	Review of service structures	202,000	0	0	0	**202,000**
Transactional and Customer Services - Customer Feedback Review	Customer Feedback and Investigation Process Review with savings aligned to the implementation of process and technology improvements that focus on reductions in demand and increased capacity, without limiting the ability to meet statutory guidelines.	40,985	0	0	0	**40,985**
Transactional and Customer Services - Service Review	Review of service processes and structures and implementation of a new operating model to support innovation, new ways of working, increased capacity to meet changing levels of demand and effective delivery of strategic and corporate objectives		206,193	0	0	**206,193**
Digital Services - Ceasing device delivery service, moving to collection only	Meadowfield Depot Digital Drive Through to be used by staff or collection points established at strategic sites.	25,973	0	0	0	**25,973**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Digital Services - Ceasing/pausing of corporate projects	This will include Unified Communications, digital workforce, etc.	33,988	0	0	0	**33,988**
Human Resources - Durham Learning & Development & Management Development	Savings and efficiencies from the corporate Workforce Development budget especially as a result of digitisation.	0	0	30,000	0	**30,000**
Human Resources - Payroll and Employee Services	Review and rationalisation of staffing structures especially in the light of the utilisation of improved Information Technology developments	0	0	103,000	0	**103,000**
TOTAL - Resources		**890,685**	**1,014,253**	**133,000**	**0**	**2,037,938**

Corporate

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Local Council Tax Reduction Grant to Town and Parishes	The grant payments to Town & Parish Council's in 2023/24 is forecast to be £1.5 million. The council is one of a few across the country and the only one in the north east that still pays a grant to Town & Parish Council's in respect of Local Council Tax Reduction tax base impacts. There are no council tax capping requirements for Town and Parish councils. Consideration to reduce the grant by 50% over a three year period.	250,000	250,000	0	0	**500,000**
Members Budgets	It is expected that the number of members will reduce from 126 to 98 from May 2025. After reviewing member allowance levels to reflect the overall increase in member numbers it is forecast that a saving will be realised from total member related budgets	165,000	35,000	0	0	**200,000**
TOTAL - Corporate		**415,000**	**285,000**	**0**	**0**	**700,000**

TOTAL COUNCIL SAVINGS Agreed in Medium Term Financial Planning (14)	**3,389,357**	**3,184,017**	**753,750**	**0**	**7,327,124**

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APPENDIX 3

Medium Term Financial Planning SAVINGS (NEW) - MTFP 15

Adult and Health Services

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Deprivation of Liberty Safeguards	Review of Deprivation of Liberty Safeguards arrangements	207,327	-	-	-	**207,327**
Adult Protection & Practice Improvement	Review of the Adult Protection and Practice Improvement team	229,771	-	-	-	**229,771**
Social Care Direct	Review of the Social Care Direct Team	79,059	-	-	-	**79,059**
Substance Misuse Team	Review of the Substance Misuse Team and absorb the work into other adult teams	246,961	-	-	-	**246,961**
Learning Disabilities & Mental Health Project Team	To integrate the Learning Disabilities and Mental Health Project Team into mainstream activity	222,790	-	-	-	**222,790**
Locality Team	Review of Locality Team arrangements	225,268	-	-	-	**225,268**
Review team	Review of the Review team arrangements	221,680	-	-	-	**221,680**
Sensory Support	Review of the Sensory Support Team arrangements	109,104	-	-	-	**109,104**
Pathways	Review of the Pathways team arrangements	193,792	-	-	-	**193,792**
Support and Recovery	Review of the Support and Recovery arrangements	26,359	36,902	-	-	**63,261**
Hawthorn House, Shared Lives & Extra Care	To review Hawthorn House, Shared Lives & Extra Care arrangements	70,262	-	-	-	**70,262**
Commissioning	To review the Commissioning arrangements within adults	138,512	-	-	-	**138,512**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Charging for Learning Disability Transport – Harmonisation of Arrangements	To support service users who currently access our internal fleet service at a subsidised rate of £2.00 per journey (£4.00 return) for which they receive mobility and/or disability related national benefits to progress towards fairness and equity in charging	13,500	13,500			**27,000**
Income – Recharge for North East Association of Directors of Adult Social Services Secretariat Support	To charge North East Association of Directors of Adult Social Services for support provided in Durham County Council role as host of North East Association of Directors of Adult Social Services	17,380				**17,380**
Total - Adult and Health Services		**2,001,765**	**50,402**	**-**	**-**	**2,052,167**

Chief Executives

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Legal & Democratic Services - staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing savings	113,384	-	-	-	**113,384**
Increased Income in relation to the Registration Service	To generate additional income aligned to the new service offer / increased capacity provided by the move to the Story and from a review of fees and charges	200,000	-	-	-	**200,000**
Corporate Affairs restructure	A restructure of the service aligned to a review and re-prioritisation of resources with staffing savings	342,662				**342,662**
Review of corporate sponsorships, advertising and subscription arrangements	To review the corporate sponsorships, advertising and subscription arrangements	57,000	20,000	-	-	**77,000**
Durham County News online only	To review the arrangements of Durham County News to online only	40,000	-	-	-	**40,000**
Total - Chief Executives		**753,046**	**20,000**	**-**	**-**	**773,046**

Children and Young People Services

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Education	Review of Education Service management structure and non-staff budgets.	285,000	-	-	-	**285,000**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Early Help Including Vulnerable Children	Review of Early Help and Youth Justice services to stream line management and operational delivery	453,000	-	141,000	189,000	**783,000**
Central	Review of non-staff budgets across Children Young Peoples Service and a reduction in third party expenditure.	50,000	-	-	-	**50,000**
Total - Children & Young People Services		**788,000**	**-**	**141,000**	**189,000**	**1,118,000**

Neighbourhood and Climate Change

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Grass Cutting on Central Reservations and roadside verges	Review of grass cutting on the central reservations of dual carriageways and roadside verges (reduced frequency).	70,000	-	-	-	**70,000**
Community Highways Workers	Review Community Highway Workers arrangements	-	17,920	17,920	-	**35,840**
Review of Clean & Green	Review staffing arrangements within clean and green	134,670	-	-	-	**134,670**
Review of Find & Fix	To review the arrangements around the Find and Fix team	-	300,000	-	-	**300,000**
Review of Parks & Countryside	Review staff arrangements and other budgets within Parks and Countryside	95,080	-	-	-	**95,080**
Vacancies in Clean & Green	Removal of vacant post in clean and green	47,083	-	-	-	**47,083**
Weed spraying in open spaces	Cease weed spraying to fence lines and obstacles on open space grassed areas to reduce environmental impacts and improve bodiversity	131,300	-	-	-	**131,300**
Northumbria in Bloom & Carpet Beds	Cessation of some carpet bedding in Durham City, and cease subscription to Northumbria in Bloom	4,000	-	-	-	**4,000**
Review of arrangements around animals killed on highway	Review the arrangements around collection and disposal of animals killed on the highway	4,600	-	-	-	**4,600**
Depot security cover	Increased standardisation of security arrangements across the depot estate	103,534	-	-	-	**103,534**
Depot contract cleaning	To review contract cleaning at depots	121,642	-	-	-	**121,642**
Review of Environment & Design	To review the staffing and grant arrangements within the Environment and Design Team	110,853	-	-	-	**110,853**
Review of Low Carbon Team	Review of staffing arrangements within the Low Carbon team	100,943	-	-	-	**100,943**
Review of Pest Control	Review of staffing arrangements within the Pest Control Team	42,867	-	-	-	**42,867**
Review of Civic Pride	Reviewing staffing arrangements within the Civic Pride Team	51,260	-	-	-	**51,260**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Allotments	Reduction in staff and material budgets associated with the reduced number of sites managed within the service	41,333	-	-	-	**41,333**
Vacant apprentice post in Strategic Waste	Remove vacant Strategic Waste apprentice post	27,883	-	-	-	**27,883**
Vacancies in Strategic Waste	Remove vacant Environment Monitoring post in Strategic Waste	34,832	-	-	-	**34,832**
General premises and supplies savings	Savings in premises and supplies costs across the whole of Neighbourhoods & Climate Change	99,132				**99,132**
Review of Community Protection Service	Review of current service provision including the rationalisation of existing posts with Community Protection Service	-	176,123	176,123	-	**352,246**
Gypsy, Roma Traveller & Community Action	Reduce contributions to other bodies	-	17,268	17,268	-	**34,536**
Civil Contingency Unit	Reduce contributions to other bodies - Civil Contingency Unit grants	5,500	-	-	-	**5,500**
Highways Permit Scheme	Realignment of the resources utilised under the Highways Permit Scheme	278,232	-	-	-	**278,232**
Vacancies in Stores	Removal of a vacant post in Stores team	33,043	-	-	-	**33,043**
Vacancies in Estimating	Removal of a vacant post in Estimating team	33,043	-	-	-	**33,043**
TOTAL - Neighbourhoods and Climate Change		**1,570,830**	**511,311**	**211,311**	**-**	**2,293,452**

Regeneration, Economy and Growth

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Staff Reductions in Health & Safety	To review the arrangements of the Health and Safety and Compliance Team staffing budget	101,797	-	-	-	**101,797**
Staff funded from Capital Receipts and Capital	To review the arrangements of the remaining staffing budgets excluding Health and Safety and Compliance Team	219,817	-	-	-	**219,817**
Supplies and Services	Proposal to reduce a number of budgets across the service line	149,565	-	-	-	**149,565**
Casual staff reductions in Cultural Venues	To rationalise the public opening hours in our two main theatres (Gala and Consett)	160,000	-	-	-	**160,000**
Staff reductions in Visit County Durham (Option 1)	To review the arrangements of the Visit County Durham Team	137,532	-	-	-	**137,532**
Staff reductions in Business Durham and Employability	To review the arrangements of the Business Durham and Employability Service	172,000	-	-	-	**172,000**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Reductions in Area Action Partnerships staffing and Neighbourhood Budgets	To look at the arrangements of the Area Action Partnerships Team	97,080	-	-	-	**97,080**
Promotional Events	To look at the arrangements around how we fund promotional events	39,000	-	-	-	**39,000**
Staff reductions in Care Connect	To review the arrangements of the Care Connect Team	259,741	-	-	-	**259,741**
Staff reductions in Strategy & Delivery	To review the arrangements of the Strategy and Delivery Team	72,732	-	-	-	**72,732**
Staff reductions in Building Safety and Standards	To review the arrangements of the Building Safety and Standards Team	126,858	-	-	-	**126,858**
Recharge Humanitarian Support staff costs to reserve	Contribution from Humanitarian Support reserve towards staff costs	50,000	-	-	-	**50,000**
In House Telecare Engineer Contract	To review the arrangement of the external Telecare Engineers	100,000	-	-	-	**100,000**
Temporary Accommodation and Out of Hours Homelessness	Ending out of hours homelessness contract with Durham County Council Children Young Peoples Service and having this in house and also a reduction to the Temporary Accommodation budget	125,000	-	-	-	**125,000**
Central Costs	Rebasing of Regeneration central budgets	44,979	-	-	-	**44,979**
Staff reductions in Civil Engineering	To review the arrangements of the Civil Engineering Team	27,656	-	-	-	**27,656**
Staff reductions in Road Safety	To review the arrangements of the Road Safety Team	75,999				**75,999**
Recharge Highway Maintenance staff to Capital	To Recharge Highway Maintenance staff to Capital	226,994	-	-	-	**226,994**
Reduction in Camera Enforcement purchases	To put forward the enforcement budget as a saving that is no longer required	100,000	-	-	-	**100,000**
Parking Enforcement Contract	To review the arrangements of the Parking and Transport Team	78,637	-	-	-	**78,637**
Airport Legal Expenses	To review the budget in Transport for airport legal fees	10,000	-	-	-	**10,000**
Minor Projects	To review the budget in Transport Management which acts as a "minor project" budget	15,000	-	-	-	**15,000**
TOTAL - Regeneration, Economy and Growth		**2,390,387**	**-**	**-**	**-**	**2,390,387**

Resources

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Corporate Finance Restructure - staffing and non staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	258,583	-	-	-	**258,583**
Digital Services Restructure - staffing and non staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	552,215	-	-	-	**552,215**
Human Resources & Employee Services Restructure - staffing and non staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	265,048	-	-	-	**265,048**
Internal Audit & Corporate Fraud Restructure- staffing and non staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	7,167	-	78,456	-	**85,623**
Procurement, Sales and Business Services Restructure - staffing and non staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	787,836	-	-	-	**787,836**
Increased income - North East Procurement Organisation Rebate	Increase in budget linked to North East Procurement Organisation rebate based on Durham County Council engagement with regional procurement frameworks	100,000	-	-	-	**100,000**
Transactional & Customer Services Restructure - staffing and no staffing savings	A restructure of the service aligned to a review and re-prioritisation of resources with staffing and non staffing savings	896,211	-	-	-	**896,211**
Transactional & Customer Services - Increased Court Cost Income	Increase in budget to reflect review of Court Cost fees implemented in 2024/25.	97,000	-	-	-	**97,000**
TOTAL - Resources		**2,964,060**	**-**	**78,456**	**-**	**3,042,516**

Corporate

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Review of the Section 13a Council Tax discount for properties impacted by the Empty Home Premium	Review of existing policy in line with statutory mandatory relief scheme for empty homes, moving to a time limited relief scheme based on Government guidance (max of six months)	-	275,038	275,038	-	**550,076**
Loan Expenses	Removal of dedicated budget provision for loan arrangement fees. Such one off fees to be met from the central capital financing or corporate contingencies budgets going forwards.	41,000	-	-	-	**41,000**
Bank / Payment Card Expenses	Savings based on changes in activity levels and efficiencies achieved in current budget.	27,000	-	-	-	**27,000**

Savings Proposal	Description	2025/26	2026/27	2027/28	2028/29	TOTAL
		£	£	£	£	£
Reduction in General Contingencies Budget	Reduction in the centrally held General Contingencies budget - reducing the budget to £1.5m.	300,000	-	-	-	**300,000**
Dividend from Chapter Homes	Additional income from increased dividend from Chapter Homes - current budget assumes £50k per annum - increased to £300k per annum for the period 2025/26 to 2028/29.	250,000	-	-	-	**250,000**
Review of Minimum Revenue Provision (MRP)	To adopt a change to the councils Minimum Revenue Provision Policy in relation to provision for principal on external loans - changed to an annuity basis	3,568,000	(190,000)	(190,000)	(190,000)	**2,998,000**
Total - Corporate		**4,186,000**	**85,038**	**85,038**	**(190,000)**	**4,166,076**

TOTAL COUNCIL NEW SAVINGS FOR MEDIUM TERM FINANCIAL PLANNING (15)	**14,654,088**	**666,751**	**515,805**	**(1,000)**	**15,835,644**

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APPENDIX 4

MTFP(15) 2025/26 - 2028/29 Model 4 December 2024

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
Government Funding				
Revenue Support Grant (0%,0%,0%,0%)	0	0	0	0
Autumn Statement 2024 - Social Care Grant	-7,000	0	0	0
Food Waste Collection - Extended Producer Responsibilities Funding	0	-1,600	0	0
National Insurance Funding - DCC Payroll	-6,000	0	0	0
Better Care Fund - ASC Discharge Grant	0	0	0	0
Market Sustainability and Improvement Grant	-2,300	0	0	0
BCF Inflation	-1,000	0	0	0
New Homes Bonus grant reduction	0	0	0	0
Services Grant reduction	0	0	0	0
Housing Benefit Administration Grant reduction	100	100	100	100
B Rates/S31 - S31 Adj & CPI increase (1.7%/2.6%/2.3%/2.1%)	-1,496	-2,510	-2,185	-2,048
Top Up - CPI increase (1.7%/2.6%/2.3%/2.1%)	-1,292	-2,062	-1,847	-1,701
Other Funding Sources				
Council Tax Increase (2.99%/2.99%/2.99%/2.99%)	-8,600	-8,800	-9,100	-9,450
Council Tax Increase - Adult Social Care Precept				
Council Tax Base increase	-3,300	-1,500	-1,500	-1,500
Council Tax Premiums -Second Homes	-650	0	0	0
Business Rate Tax Base increase	-1,148	-750	-500	-500
Estimated Variance in Resource Base	**-32,686**	**-17,122**	**-15,032**	**-15,099**
All Services - Pay Inflation (3.00%/2.5%/2%/2%)	8,850	7,458	6,047	6,147
All Services - Price Inflation (1.7% year 1, 2.6% year 2, 2.3% year 3 and 2.1% year 1) - Incl waste contract	2,437	3,857	3,527	3,360
Employers National Insurance - DCC Payroll Costs	6,000	0	0	0
Base Budget Pressures				
AHS - Social Care Fee Uplift : 6.73% NLW year 1, 4% years 2-4; 1.7% CPI year 1, 2.6% CPI years 2, 2.3% in year 3 CPI and 2.1% CPI in Year 4. Additional supplementary fee growth supported living in years 1-3. Employers' NI threshold change and 1.2% increase year 1.	14,553	8,427	8,404	8,134
AHS - Demographic Pressures	0	1,000	1,000	1,000
CEO - Coroners Support (G1)	30	0	0	0
CYPS - Children Looked After	13,729	5,798	2,629	1,701
CYPS - Early Help, Inclusion and Vulnerable Children SEND (G2)	1,127	0	0	0
CYPS - Home to School Transport	2,591	1,555	1,636	2,034
CYPS - Secure Aycliffe Operating Budget	-250	0		0
CYPS / REG - National Living Wage Other Service Areas	400	200	200	200
NCC - Community Protection Workforce Development	-200	-410	-200	0
NCC - Deport NNDR Costs (G8)	102	0	0	0
NCC - Gully Cleansing (G9)	250	0	0	0
NCC - Parks & countryside staffing (G7)	109	0	0	0
NCC - Tees Valley SPV Set Up Costs	30	0	0	0
NCC - Tree Maintenance and Woodland Management (G6)	156	0	0	0
NCC - Vehicle Fleet - Transfer to electric vehicles	102	358	988	211
NCC - Waste Collection & Recycling - Simpler Recycling		1,600		
NCC - Waste Disposal - New Contract	0	0	0	3,000
NCC - Woodland Protection /Nature Reserves /Public Rights of Way	-145	0	0	0
REG - Building Repairs and Maintenance (G10)	400	0	0	0
REG - DLI & Arts Gallery	300	0	0	0
REG - Park and Ride Extension	-257	0	0	0
REG - Park and Ride Income	-60	-60	-60	-60
REG - Temporary Accommodation	-150	0	0	0
RES - Centralised Training Budget - H&S for REG/NCC (G3)	100	0	0	0
RES - Civica System Licensing / Cloud Solution (G4)	86	0	110	0
RES - Resourcelink Licensing / Cloud Solution (G5)	0	328	0	0
Corporate - Housing Benefit Subsidy Loss and One Further Year Funding for Supported Housing Improvement Programme	680	-280	0	0

MTFP(15) 2025/26 - 2028/29 Model 4 December 2024

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
Corporate - Energy Budget Savings	-2,000			
Corporate - Additional Water Rates	110			
Corporate - Pension Fund Revaluation	0	1,000	0	0
Corporate / All Services - School SLA's - Loss of Income	300	300	300	300
Corporate - Unfunded Superannuation	0	-100	-100	-100
Corporate - Investment Income	5,000	2,100	500	0
Corporate - Capital Financing Costs - MTFP 14	4,500	6,514	0	0
Corporate - Phoenix Loans - refinancing	-410	-27	-25	-22
Corporate - Capital Financing Costs - MTFP 15	0	0	1,686	0
Corporate - Capital Financing Costs - MTFP 16	0	0	0	2,000
Corporate - Minimum Revenue Provision Policy Change - Assets Under Construction	-500	-400	1,600	0
TOTAL PRESSURES	**57,970**	**39,218**	**28,241**	**27,905**
Use of One Off funds				
Adjustment for use of MTFP Support Reserve in previous year	3,720	0	0	0
Use of MTFP Support Reserve in year	0	0	0	0
Savings				
MTFP(14) Savings - Approved February 2024 (As Adjusted)	-3,229	-3,344	-754	0
MTFP(14) Savings - CAP Savings Reprofiled October 2024	-160	160		
SAVINGS SHORTFALL	**25,615**	**18,912**	**12,455**	**12,806**
	Total Shortfall 04.12.24 (Before MTFP15 Savings)			**69,788**
MTFP (15) New Savings Proposals	-14,654	-667	-515	1
UPDATED SAVINGS SHORTFALL	**10,960**	**18,245**	**11,940**	**12,807**
	Total Shortfall 04.12.24 (After New MTFP15 Savings)			**53,952**

Summary Changes Since 18 September 2024					APPENDIX 5
	25/26 £'000	**26/27 £'000**	**27/28 £'000**	**28/29 £'000**	**total £'000**
MTFP15 Shortfall - Cabinet 18/09/24	**21,720**	**23,671**	**10,622**	**8,117**	**64,130**
(Reduction) / Increase in MTFP Challenge : Updated MTFP Planning Assumptions & Impact of Autumn Statement (see below)	**3,895**	**(4,758)**	**1,833**	**4,689**	**5,658**
Revised MTFP15 Shortfall - Cabinet 04/12/24	**25,615**	**18,912**	**12,455**	**12,806**	**69,788**
New MTFP(15) Savings and Income Opportunities	**(14,654)**	**(667)**	**(515)**	**1**	**(15,836)**
Revised MTFP15 Shortfall / Use of Reserves (Before pdated MTFP Planning Assumptions & Impact of Autumn Statement)	**10,960**	**18,245**	**11,940**	**12,807**	**53,952**

Movement In MTFP Planning Assumptions					
Autumn Statement 2024 - Social Care Grant	(7,000)	0	0	0	**(7,000)**
Food Waste Collection - Extended Producer Responsibilities' Funding	0	(1,600)	0	0	**(1,600)**
National Insurance Funding - DCC Payroll	(6,000)	0	0	0	**(6,000)**
B Rates/S31 - S31 Adj & CPI increase (1.75%/1.75%/1.75%/1.75%)	704	(877)	(523)	(341)	**(1,037)**
Top Up - CPI increase (1.75%/1.75%/1.75%/1.75%)	608	(674)	(442)	(284)	**(791)**
Council Tax Increase (2.99%/2.99%/2.99%/2.99%) - TaxBase Impact	(200)	(150)	(100)	(100)	**(550)**
Council Tax Base increase	(2,800)	0	0	0	**(2,800)**
All Services - Pay Inflation (3.0% 25-26 / 2.5% 26-27 & 2%p.a. 26-27+)	3,050	1,558	47	47	**4,702**
National Insurance Changes - Impact on DCC Payroll	6,000	0	0	0	**6,000**
All Services - Price Inflation (1.7% year 1, 2.6% year 2, 2.3% year 3 and 2.1% year 1) - Incl waste contract	287	1,632	1,227	960	**4,105**
AHS - Social Care Fee Uplift : 6.73% NLW year 1, 4% years 2-4; 1.7% CPI year 1, 2.6% CPI years 2, 2.3% in year 3 CPI and 2.1% CPI in Year 4. Additional supplementary fee growth supported living in years 1-3. Employers' NI threshold change and 1.2% increase year 1.	5,423	1,004	752	584	**7,763**
CYPS - Home to School Transport	1,591	1,022	1,119	1,034	**4,766**
NCC - Vehicle Fleet - Transfer to electric vehicles	102	(53)	(247)	(211)	**(409)**
NCC - Waste Disposal - New Contract		(3,000)	0	3,000	**0**
Corporate - Housing Benefit Subsidy Loss	680	(280)	0	0	**400**
Corporate - Capital Financing Costs - MTFP 14	3,500	(3,500)	0	0	**0**
Corporate - Energy Budget Savings - Treated as negative budget growth rather than a Corporate Saving	(2,000)	0	0	0	**(2,000)**
Corporate - Additional Water Rates Costs	110	0	0	0	**110**
Adjustment for CAP Savings	(160)	160	0	0	**0**
Base Case Movement - (Reduction) / Increase in MTFP Challenge	**3,895**	**(4,758)**	**1,833**	**4,689**	**5,658**

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APPENDIX 6 – Phase One Budget / MTFP (15) Consultation

Background

1 Between 20 September and 1 November 2024, we carried out a consultation with our residents and partners regarding proposals to balance the council's budget for the next financial year (2025/26) and Medium Financial Term Plan 2026-2029. During the period, we presented the proposals to the 14 Area Action Partnership Boards and contacted our key partners including the County Durham Partnership (CDP), County Durham Association of Local Councils (CDALC) and Durham Youth Council.

2 The questions posed were as follows:

a) Our continued approach to help balance the budget for 2025/26 includes progressing identified savings of £3.2 million that were consulted on last year from; savings from back office and making efficiencies (38%), raising additional income and considering third party contributions (20%) and changes to developing frontline services (42%) - Do you agree or disagree with this continued approach?

b) To help us to continue to prioritise areas for savings, please select three service areas (from a list provided) to target for savings.

c) Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

d) If you have answered that you disagree with a council tax rise of 2.99%, or above if the government allowed, please select another three service areas to target for savings.

e) If you have any further comments to make, please provide your feedback. This could include additional ideas as to where we can raise further income or make further savings, how the proposals might impact you, your community or those you represent, comments in support of or to clarify any of your responses.

Promotion

3 The consultation was promoted via press release; social media posts, the Council's consultations website page, posters displayed in libraries and CAPs, and targeted emails sent to a range of organisations and partners with a request to provide their feedback by the closing date.

Participation

4 The approach enabled the council to engage with over 3,500 people. 237 survey responses were received. 89% of residents responding to the survey provided equality data. We have no disaggregated equality data for other engagement methods. Feedback on the online survey was received across the protected groups, although rates were not always directly comparable with population data for the County.

5 There is an almost even split between men (49.7%) and women (50.3%) responding to the online survey. In terms of age, 75.3% of respondents were between the age of 18-64, with 24.2% over the age of 65. Census 21 data releases show County Durham's 16-64 years population is 61.8%, demonstrating a disproportionately higher engagement rate with the 'working age' population. 1 online response was received from the under 18 age group however a targeted engagement session was carried out with members of Durham Youth Council to provide a more representative voice for younger residents.

6 The disability online respondent rate is 18.7%, which is lower than Census 21 population data of 22.4% (for the overall county population) and 20.5% (working age population, aged 16-65). The Disability Partnership were notified of the consultation alongside a range of partners and invited to take part. 2.6% of respondents were non-British which is lower than Census 21 ethnicity data for the County at 5.3%.

7 Respondents from the remaining protected groups were broadly representative of the population with 4.3% from the lesbian, gay and bisexual population and 36% having no religion or belief. There was a slightly higher response rate from Christians (62.4%) compared to the County wide rate of 54.6%.

Method	**Number**
Survey (online and paper returns)	237
AAP meeting attendance	244
Partner letters/emails	7
DYC member contribution	42
Total	530
Social media engagement	Post engagement reached 3,100

The outcomes from across the consultation have been recorded and analysed and key messages are identified below.

Summary of survey responses

8 237 people completed a survey either online or via a paper version.

Our approach to balancing the budget for 2025/26 and Medium-Term Financial Plan 2026-29

9 We received 229 responses to this question. 70% of responses either agreed or neither agreed nor disagreed, whilst 30% disagreed.

Areas for further savings

10 To help us prioritise where to make budget reductions, respondents were asked to select three service areas to target for savings. We received 708 responses to this question. The breakdown is as follows:

	Frequency	**Percent of respondents**
Culture	98	41.5%
Environment and climate change	74	31.4%
Planning services	63	26.7%
Local community projects	62	26.3%
Local council tax support	56	23.7%
Welfare assistance and advice	50	21.2%
Customer access and customer services	47	19.9%
Council tax, benefits and other processing	45	19.1%
Economic development	40	16.9%
Leisure and wellbeing	39	16.5%
Housing services	30	12.7%
Street cleaning and grounds maintenance	28	11.9%
Preventative services	21	8.9%
Roads and transport	20	8.5%
Waste collection, disposal and recycling	18	7.6%
Community safety and protection	17	7.2%
Total	**708**	**300.0%**

Council Tax increases of 2.99% (plus potential additional increase if the government allowed)

11 We received 232 comments relating to this question. Over 50% of responses agreed with the rise in council tax at either 2.99% or a higher amount. The breakdown is as follows:

	Frequency	**Percent**
Yes - I agree to the 2.99% proposed increase for 2025/26 only	83	35.8%
Yes - I agree to the 2.99% proposed increase for 2025/26 and I agree to a higher council tax amount above 2.99% if the Government allowed this	41	17.7%
No - I don't agree with the proposed 2.99% increase or a higher amount if the Government allowed this for 2025/26	108	46.6%
Total	**232**	**100.0%**

12 Where respondents disagree with the proposal to raise council tax by 2.99%, they were asked to select another three service areas to target for savings, being mindful not to select any service areas they had already selected again. We received 324 credible responses to this question. The breakdown is as follows:

	Frequency	**Percent of respondents**
Culture	35	32.4%
Planning services	29	26.9%
Environment and climate change	28	25.9%
Preventative services	27	25.0%
Local community projects	24	22.2%
Welfare assistance and advice	24	22.2%
Economic development	23	21.3%
Customer access and customer services	22	20.4%
Housing services	22	20.4%
Local council tax support	21	19.4%
Council tax, benefits and other processing	18	16.7%
Waste collection, disposal and recycling	16	14.8%
Leisure and wellbeing	12	11.1%

	Frequency	Percent of respondents
Street cleaning and grounds maintenance	9	8.3%
Community safety and protection	7	6.5%
Roads and transport	7	6.5%
Total	**324**	**300.0%**

Additional comments

13 242 comments were received.

14 The following has been generated by the Council's AI tool, Co-Pilot, using the prompt: Identify common themes in order of prevalence and summarise. Do not deviate from the content of the (responses) document.

15 This prompt produced a report detailing the top five themes as follows:

(a) **Reduction of management and staff costs**: Reducing the number of managers and high-salary position. There were also calls to freeze or reduce Member expenses and their associated benefits, such as IT equipment and allowances.

(b) **Reform of Council Tax:** Charging student accommodations, revising council tax bands to reflect current property values, and reducing the exemptions and discounts that currently benefit landlords and students.

(c) **Service efficiency and automation:** Greater use of automation and technology to improve efficiency and reduce costs in various services. This included more AI integration in customer services, outsourcing non-essential services and merging back-office functions with other councils to save on overheads.

(d) **Preservation of community and cultural services:** Maintaining funding for local community projects, libraries, cultural events, and leisure activities. These services are viewed as crucial for the wellbeing of residents.

(e) **Reduction of Wasteful Spendin**g: Eliminating wasteful spending on projects, unnecessary infrastructure developments, and promotional materials and reallocating funds to essential services and community support.

16 In support of analysis regarding participation, additional AI summaries were generated on the basis of responses from:

(a) Those living with a disability.

(b) Male and female responses

17 Regarding responses from those with a disability the most prevalent themes covered concern for unused city centre developments as a wasteful resource, wasteful practices regarding excessive Council buildings and the need to increase home working, the reduction in the number of Council staff, alongside the introduction of performance related pay practices, increased automation within services and boosting tourism through cultural events and ventures. Areas of feedback relating specifically to disability were in respect of disagreement with car parking charges for disabled badge holders.

18 In respect of male and female responses both female and male respondents expressed strong opinions on several key themes such as charging council tax on student properties, reducing council expenditures, and improving community and environmental conditions. While both gender groups shared many similar concerns, male respondents placed slightly more emphasis on the efficiency of council services and the reduction of senior management roles, while female respondents provided more detailed suggestions on specific cost-saving measures and community engagement. Both gender groups highlighted the need for greater transparency and accountability from the Council.

19 The summary has been crossed referenced for due diligence through a process of manual coding of the open text comments and has found the AI summary to be accurate. This process also found that the main responses could be grouped into the following similar categories:

Areas of additional savings and efficiencies

20 Comments focused on a range of issues such as, staffing, covering the reduction in staff and salaries, introduction of performance related pay and amends to sickness pay arrangement as well as the reduction of Elected Members allowances, payments and equipment and generally making better use of technology including digital and online automation.

21 A further key area focused on opportunities to review a range of processes and practices across the Council and halt unnecessary projects and service provision. Areas highlighted for attention included street lighting practices, some school related services, large scale regeneration schemes, climate change related investments, cultural events, leisure and wellbeing provision, social commissioning practices, refuse collection practices, winter maintenance practices, recycling centre (tip) practices, use of paper and communication and promotional practices.

22 Within this area of feedback, comments support the view that the Council should firstly adequately fund all statutory services and secondly determine the provision of discretionary services based on affordability and need. Furthermore, regeneration project investment should only be made based upon commercial returns that will contribute to the Council's financial planning priorities.

23 Detailed feedback focused on specific service areas where efficiencies could be made through reform to delivery models including health and adult social care, community funding regarding Area Action Partnerships and Elected Members funding, and home to school transport as well as some support for large scale transformation in a whole system approach achievable through increased resident involvement. Fundamental change was also evident in comments within this category that focused on opportunities for local authority mergers as well as opportunities for adoption of a whole County Durham public sector budgetary approach, to optimise service delivery across all sectors and remove silo budgetary decision-making.

24 Another key area focused on opportunities for further efficiencies within working practices, highlighting the need for increased and/or permanent hybrid/home working for Council staff, co-location of Council staff providing collaborative services within key sites such as libraires and leisure centres. These comments complement feedback focused on opportunities to review Council buildings, reduce assets and office spaces.

25 There was also a range of comments that focused on the need to reduce sub-contracting and the use of consultants alongside doing more in-house, as well as a range of comments that focused on the need to outsource more efficiently, consider private sector provision and avoid duplication in service delivery to increase efficiency.

Income raising opportunities

26 Comments focused on opportunities to increase income via the introduction of tax derived from the likes of the tourist economy, tourist accommodation, night-time and hospitality sector within the county, increase or introduce new fines and charges in areas such as pest control, the planning application process, large household item removals, car parking and dog fouling. Comments also advocated the pursuit of economic growth and profit making from venues and ventures such as cultural events, music events, hospitality areas in the City Centre and housing development opportunities. Finally, it was commented that income could be generated via central government lobbying in pursuit of increase financial support.

Council Tax specific

27 Comments focused on disagreement with council tax increase proposals due to the negative financial impact this will have on residents and due to comparisons drawn against other local authorities. Comments also focused on the need to review the council tax bands and the Council Tax Reduction Scheme to ensure universal contribution and to reduce perceived fraud within the system.

28 A number of comments also showed support for practices to increase council tax income by imposing council tax payments on those currently exempt such as students, student landlords, private landlords, reviewing HMOs, stopping HMO applications, pursing tax in this area and tackling uncollected council tax and business rates. There were also some comments that showed support for council tax increases in an effort to improve and protect service provision.

Service protection, preservation, enhancement.

29 Comments focused on the need to ensure some service areas received protection from future savings and/or received additional funding and provision including:

(a) front line and visible services such as recycling services, libraries, grass cutting services, leisure and community projects

(b) environmental protection related services such as climate change services, ecology and wildlife

(c) back-office services

(d) services that support vulnerable and homeless residents

30 In review of all comments the top five most frequent responses across the above categories concerned:

(a) **Areas for additional savings and efficiencies**: covering the need to review a range of processes/schemes/projects/services. (30)

(b) **Council tax specific**: regarding opportunities to increase council tax income by imposing council tax on students/student landlords/private landlords. (18)

(c) **Areas for additional savings and efficiencies:** covering reduction in staffing/manager roles. (17)

(d) **Service protection, preservation, enhancement:** covering the protection of front line/visible services (libraries, grass cutting, leisure, community projects). (14)

(e) **Areas or additional savings and efficiencies**: covering salary reductions, performance related pay, sickness pay review. (11)

Variation in survey responses

Are you responding as:	Number of people
Resident	218
Durham County Council Employee	25
Elected Member	4
A business	2
An organisation	6
Other	1
Total	**256**

31 Respondents were able to select multiple responses to this identifier question. Residents provided the majority of the responses to the survey (93%).

32 Known organisational survey responses were received from County Durham and Darlington Fire and Rescue Service, Ferryhill Town Council, an unnamed VSCE organisation, Durham Police and Crime Commissioner and an unnamed Local Authority organisation. Specific comments from these respondents are noted within the feedback from partners section of this report.

33 Durham County Council employee responses were more favourable regarding the Council's continued approach to savings proposals and proposals regarding council tax increase when compared to residents. Feedback from business owners showed similarities in responses as they disagreed with the Council's approach to savings proposals and proposals regarding council tax increases.

34 The majority of Elected Members either agree, or neither agree nor disagree with the Council's continued approach to savings. The majority also agree with council tax increase proposals at 2.99% or higher, areas for further savings highlight *Culture* as most prominent, followed by, *Environment and Climate Change.* Additional comments from Members emphasised the need to increase council tax and the need to improve some services areas as well as create efficiencies, looking for example at staffing levels.

Summary of additional feedback – AAP Board Meetings

35 A presentation was delivered to each AAP Board where they could ask questions and provide feedback. The key areas of feedback which as detailed below.

Our approach to balancing the budget for 2025/26 and Medium-Term Financial Plan 2026-29

36 Feedback on this area was limited therefore it was difficult to achieve a consensus. Comments regarding this area however indicated a view that the proposals are a continuation of austerity rather than economic growth. A variety of comments also centred around the impact of statutory services on income in that a significant budget allocation is made to services that for the wider public are unseen and to meet the needs of a relatively small number of people.

Areas for further savings

37 Where feedback aligned to the itemised service list provided, areas to prioritise for further budget reductions covered:

(a) **Culture:** including focusing on non-essential spending on arts, Lumiere, DLI

(b) **Leisure and wellbeing**: including change to delivery model as a non-statutory provision.

(c) **Community Safety and protection:** including a review of the Safety Advisory Group.

(d) **Customer access and customer services**: including improvements to online services/portal to enable the reduction in face-to-face sites and joint utilisation of sites.

(e) **Street cleaning and grounds maintenance:** including partnership working with VCS and improved management.

Council Tax increases of 2.99% (plus potential an additional increase if the government allowed)

38 The feedback covered the following key common areas:

(a) **Council tax banding**: the need to review the banding system to ensure fairness and address lack of understanding and transparency.

(b) **Opportunities to increase council tax income:** including income generation from empty properties, new building developments and student/student landlords and amends to Council Tax Reduction Scheme.

(c) **Understanding re: council tax increase:** including imperatives in the provision of non-statutory services which offer wider benefits to residents.

(d) **Concern re: council tax increase:** appreciation regarding the financial impact proposals will have on residents and vulnerable people given the wider context of rising household budgets, alongside the need to retain the Council Tax Reduction Scheme.

(e) **Improved understanding and perceptions re: council tax income:** better awareness and communication needed regarding the direct use of council tax funds in service provision.

Additional comments and feedback including ideas or suggestions as to areas where we can raise further income or make more efficiencies.

39 Feedback brought a variety of responses covering:

Income generation questions, ideas and suggestions

40 Comments included income generation from Council buildings, car parks, facilities and assets such as the redevelopment of County Hall site, the sale of the new HQ and other local facilities, the hiring out of Council buildings for events and the closing of some CAP sites if improvements were made to online provision. Comments also included the position of central government and potential to increase funding at a national level with support for lobbying of central government. There were also comments concerning the potential for Northeast devolution to provide additional funding for the county.

Areas for improved efficiency

41 General comments included the need to improve efficiency in all services areas to ensure better VFM. Back-office efficiencies should also be made even if this includes smaller scale efficiencies in use of paper and printing costs.

42 Specific areas where efficiencies should be found covered:

(a) **Children and young people's services**: including high-cost specialised care and SEN provision. Investment in earlier intervention and support via community services to reduce larger costs associated with support requirements at a later stage.

(b) **Home to School Transport:** including attention to taxi contracts, empowering parents to make own arrangements.

(c) **Adult Social Care:** including change to delivery model and costs linked to hospital care situations.

Views on how proposal will impact people

43 Comments focused on the impact in the reduction of non-statutory provision such as leisure services, as crucial to health and wellbeing of local communities, and the negative impact on the VCS in terms of additional pressure on this sector to provide services.

Overall position and financial approach

44 Additional comments also covered observations regarding the Council's general successful management and approach to budgeting. Feedback included views that the Council are in a better position than other local authorities, awareness that the challenging financial position is due to reduced funding and rising costs and recognition that core services are a priority with the need for strong corporate governance and financial oversight. There were also some comments specifically regarding the Council's use of reserves with caution related to this practice and also the Council's borrowing practices and funding including the need for fairness in the allocation of funding based on population of areas and need.

Importance of the consultation exercise

45 Comments focused on the importance of this consultation exercise including the need to ensure the consultation is available in accessible formats and endeavour to make it as inclusive as possible. There were also comments made on the need to provide information in an easy-to-understand way given its complexity.

Summary of additional feedback from residents and partners

46 A range of feedback from partners was received via letter, email and the consultation survey. A resident provided feedback via direct email which aligned to the majority survey response regarding the need to review a range of processes, projects and service provision focusing on mandatory provision.

47 Overall feedback from partners showed appreciation for the challenging financial situation the Council face, agreement regarding the Council's continued approach to savings proposals and council tax increase, although expressed empathy and awareness of the impact of savings on communities. Partners also highlighted areas for the Council to explore to make efficiencies including collaborative and integrated approaches to service provision through continued partnership approach. There was evidence within the partners feedback regarding support for further lobbying on key issues at central government level.

Town and Parish Councils

48 **North Lodge Parish Council**: Feedback received via email, confirms the Parish Council is concerned at the proposed budget savings and the proposed increases in council tax combined with the prospect of lower service standards.

49 **Winston Parish Council**: Feedback received via email, confirms appreciation for the challenging financial position the Council faces. The Parish Council support activity in lobbying the government on key issues. The Parish Council agree with the approach to savings as identified for 2025/26 but are concerned that changes to the front line in using more technology may disadvantage some and encourage alternative approaches to maintaining face to face services where appropriate.

50 Regarding areas for further savings the Parish Council encourage the Council to work with community representatives to identify options for community led service delivery in areas such as Culture, Street Cleaning and Grounds Maintenance and Leisure and Wellbeing services. The Parish Council is reluctant to agree the 2.99% council tax increase for 2025/26 only, requesting a fuller understanding regarding any increase above this level. The Parish Council also highlighted the key role they play in communities, potential to explore further devolution to Parish level and consideration of their funding arrangements.

51 **Ferryhill Town Council**: Feedback received via the consultation survey confirmed the Town Council agree with the Council's continued approach to savings proposals. Areas to prioritise for future savings are listed as Councill Tax, Benefits and Other Processing, Planning Services and Roads and Transport. The Town Council do not agree with proposals to increase council tax at 2.99% or higher selecting additional services to prioritise for future savings covering *Leisure and Wellbeing, Preventative Services and Waste Collection, Disposal and Recycling*.

Pioneering Care Partnership – health and social care NE charity

52 Feedback received via email, highlighted appreciation regarding the challenging financial position the Council faces but urged the Council to seek opportunities to do things differently. Suggestions included avoiding duplication by considering alternative delivery models, utilising the PCP's Pioneering Care Centre / Community Health hub model which would look at alternative partnerships to deliver community services in a manner that supports the VCSE section. A similar suggestion was also made in respect of the delivery of leisure services regarding third party operation.

County Durham Partnership –member response

53 Feedback received via email, from a member, showed favour towards council tax increase to the maximum 2.99% or more, if flexibility was given from central government, as vulnerable residents are supported by the Council Tax Reduction Scheme.

County Durham and Darlington Fire and Rescue Service

54 Feedback received via the consultation survey and email, confirms appreciation for the challenging financial position the Council faces and is broadly supportive of the Council’s approach to making future savings. Areas of future savings are noted as *Council Tax, Benefits and Other Processing, Customer Access and Customer Services and Local Community Projects.* The Service agree with the Council’s council tax proposals concerning 2.99% or a higher amount. The Service are however mindful of the impact of further reductions in the Council’s budget and spending could have on the incidence of fire and the number of fatalities in the County. More integrated working is a key priority for the Service therefore they welcome the opportunity to work with the Council to minimise the impact which further budget reductions may have on vulnerable adults.

Northeast Chamber of Commerce

55 Feedback received via letter, confirms appreciation for the challenging financial position the Council faces and is broadly supportive of the Council’s approach to making future savings whilst maintaining a commitment to deliver a high level of basic services. In terms of potential future savings, they highlight the importance of planning services and economic development services to creating local growth in the area. As a Chamber they will continue to work in partnership to secure the best possible conditions for businesses and employers in County Durham and the wider Northeast.

Durham Police and Crime Commissioner

56 Feedback received via the consultation survey shows agreement with the Council’s continued approach to savings proposals and believe areas for further savings should prioritise *Culture, Customer Access and Customer Services and Leisure and Wellbeing* service areas but expressed that they would not want these services to disappear as there still needs to be face to face support for older and vulnerable residents. Collaboration, joint funding bids and co-commissioning with other organisations is crucial. The PCC agree with the Council proposals to increase council tax to 2.99% or a higher amount. The PCC also expressed that they have been lobbying Government regarding more flexibility in the precept.

Local Authority organisation - unnamed

57 Feedback received via the consultation survey confirmed the organisation agreed with the Council's continued approach to savings proposals. Areas for future savings should prioritise *Culture, Customer Access and Customer Services and Leisure and Wellbeing service areas.* The organisation agrees with the Council proposals to increase council tax to 2.99% or a higher amount. They also wish to express the importance of identifying shared opportunities for maximum collaboration, joint commissioning and partnership funding bids.

VCSE organisation

58 Feedback received via the consultation survey confirmed the VCSE organisation agreed with the councils continued approach to savings proposals. Areas for future savings should prioritise *Culture, Local Council Tax Support and Street Cleaning and Grounds Maintenance* service areas. The organisation agrees with the Council proposals to increase council tax to 2.99% or a higher amount.

Tees Esk and Wear Valley NHS Foundation Trust

59 Feedback received via letter, confirms appreciation for the challenging financial position the Council faces. The Trust are supportive of activity in lobbying the government to reform local authority funding. The Trust support the Council's approach to savings as presented in the consultation exercise. They support the Council's overall approach to seek where possible to preserve front line services.

60 Areas of concern for the Trust include, provisions for children and young people and the public health (grant) funded provision, for example substance misuse services and social care provision. They appeal for early engagement with partner organisations to enable them to impact assess any new proposals. The Trust appreciate the Council's proposals regarding council tax increase and note it is difficult to propose an alternative approach. Regarding areas for additional savings the Trust welcome approaches that target back office, digital/automation, site rationalisation and income generation. The Trust also reinforce their commitment to continued working with the Council as they seek to optimise shared resources and mitigate worse consequences for our population.

Durham Youth Council - DYC

61 DYC received a presentation by the council's Finance Manager and Consultation and Engagement Team Leader. Discussion at the meeting highlighted concern that savings made within the back office may impact negatively on the front-line, placing strain on the overall functionality of the

Council. Following the meeting DYC submitted a comprehensive consultation report. It is DYC's view that priority areas for future savings should focus on:

(a) Council tax and benefits

(b) Welfare assistance and advice

(c) Local council tax support

62 Rationale regarding Council Tax Benefits savings include, understanding that the Council provides many services for families and support to young people more broadly therefore personal responsibility is required and contribution should be expected across the board. Regarding Welfare Assistance and Advice, DYC feel that more could be done to combine support and utilise other organisations and services that provide similar provision. Regarding Local Council Tax Support, DYC believe there is an argument to reconsider the level of support available to empower people to be more independent.

63 Additionally, it is DYC's view that the further three service areas require protection against further savings as follows:

(a) Waste Collections, Disposal and Recycling

(b) Local Community Projects

(c) Culture

64 Rationale regarding Waste Collections, Disposal and Recycling include, within the context of climate change and the importance of recycling in particular, the current service requires improvement and protected. Regarding Local Community Projects, DYC believe savings in this area would have a negative impact particularly on younger people in light of previous cuts in youth services across the board. Regarding Culture, DYC believe being able to access facilities such as theatres and museum is very important to the development of young people and ensuring these venues are appealing and accessible is therefore essential.

ANNEX 1

Equalities Breakdown

Approximately 89% of residents responding supplied protected equality monitoring information as set out in the tables below:

Are you:

	Frequency	**Percent**
Male	95	49.7%
Female	96	50.3%
Total	**191**	**100.0%**

What is your age?

	Frequency	Percent
Under 18	1	0.5%
18-24	4	2.1%
25-34	11	5.8%
35-44	40	21.1%
45-54	36	18.9%
55-64	52	27.4%
65-74	37	19.5%
75+	9	4.7%
Total	**190**	**100.0%**

Do you consider yourself to be a disabled person?

	Frequency	Percent
Yes	35	18.7%
No	152	81.3%
Total	**187**	**100.0%**

What is your religion or belief?

	Frequency	Percent
Christian	113	62.4%
Buddhist	1	0.6%
None	64	35.4%
Agnostic	1	0.6%
Pagan	2	1.1%
Total	**181**	**100.0%**

What is your ethnicity?

	Frequency	Percent
White British	177	97.3%
White non-British	3	1.6%
Black or Black British	1	0.5%
Travelling Community	1	0.5%
Total	**182**	**100.0%**

How would you describe your sexual orientation?

	Frequency	Percent
Heterosexual/straight	156	95.7%
Gay or lesbian	6	3.7%
Bisexual	1	0.6%
Total	**163**	**100.0%**

ANNEX 2

AI generated reports

Summary of Common Themes in Budget Survey Responses

All responses

1. Reduction of Management and Staff Costs

Many respondents suggested reducing the number of managers and high-salary positions within the council. They believe that cutting unnecessary staff positions and focusing on front-line services would save money. There were also calls to freeze or reduce councillor expenses and their associated perks, such as IT equipment and allowances.

2. Reform of Council Tax

A significant number of responses focused on reforming council tax. Suggestions included charging council tax on student accommodations, revising council tax bands to reflect current property values, and reducing the exemptions and discounts that currently benefit landlords and students.

3. Service Efficiency and Automation

Respondents recommended greater use of automation and technology to improve efficiency and reduce costs in various services. This included more AI integration in customer services, outsourcing non-essential services, and merging back-office functions with other councils to save on overheads.

4. Preservation of Community and Cultural Services

Many responses emphasized the importance of maintaining funding for local community projects, libraries, cultural events, and leisure activities. These services are viewed as crucial for the wellbeing of residents, particularly during economic hardships.

5. Reduction of Wasteful Spending

Numerous comments were made about eliminating wasteful spending on vanity projects, unnecessary infrastructure developments, and promotional materials. Respondents suggested reallocating these funds to essential services and community support.

6. Increase in Charges for Services

There was support for increasing charges for certain council services such as parking, waste collection, and large item removal. Respondents believe that these charges could generate additional revenue without significantly impacting residents' daily lives.

7. Environmental Initiatives

Several responses highlighted the need to protect environmental and ecological initiatives from budget cuts. Suggestions included investing in green energy solutions, supporting wildlife conservation, and maintaining green spaces.

8. Transparency and Accountability

Respondents called for greater transparency and accountability in council spending. They suggested public audits, better communication about budget decisions, and involving residents in financial planning processes.

9. Social and Health Services

A number of responses stressed the importance of maintaining funding for social and health services, especially those supporting vulnerable populations. There were calls to bring certain privatized services back under public control to improve quality and reduce costs.

10. Encouragement of Local Economy

Respondents suggested initiatives to boost the local economy, such as hosting more events to increase tourism and supporting local businesses through reduced rates and grants.

11. Transportation and Infrastructure

Some responses focused on transportation and infrastructure improvements. Suggestions included reviewing home-to-school transport funding, maintaining street cleaning services, and improving road conditions.

12. Reduction of Red Tape

Finally, several respondents recommended cutting down on bureaucratic processes to save time and money. This included streamlining services, reducing paperwork, and implementing more efficient practices in council operations.

Themes Raised by Disabled Respondents in Budget Consultation

Summary of Responses

1. City Centre Developments and Housing

The respondents expressed concerns about unused city centre developments, which are seen as an embarrassment and a waste of resources. They suggested that the County Hall site and Aykley Heads be repurposed for housing, particularly near amenities and within walking distance to Durham City.

2. Employment and Office Expenses

There were multiple comments regarding the need to stop wasting money on council buildings and to allow staff to work from home. The office at Aykley Heads was viewed as an unnecessary expense.

3. Council Spending and Efficiency

Several respondents called for reductions in council staff, particularly senior management, executives, and councillors. Suggestions included reducing salaries, removing councillor expenses, and eliminating unnecessary staff positions.

4. Public Services and Charges

The introduction of performance-related pay and automation in legal services was suggested to improve efficiency. Additional themes included increasing charges on school transport, prosecuting those who evade council tax, and stopping support for Parish and Town Councils unless they provide substantial ROI.

5. Community and Tourism

The respondents advocated for more events to boost tourism, such as music events and markets. They also supported the creation of local community hubs for job searching and health condition management.

6. Cost-Saving Measures

Suggestions included merging HR and other services with regional councils, cutting vanity projects, reducing project funding, charging council tax for students, and stopping unnecessary mailings about postal votes.

7. Waste Management

There were concerns about the increased cost of refuse and recycling leading to fly-tipping. The respondents disagreed with charging disabled badge holders for parking in Seaham coast car parks and suggested removing unnecessary staff positions.

8. Contribution from Students and Businesses

Some respondents proposed that students, bar owners, and takeaway outlets should contribute to the upkeep of Durham City, possibly through an evening tax.

9. Legal Compliance and Enforcement

Respondents called for stricter enforcement against those breaking the law and evading council tax reductions, as well as improving the quality of road resurfacing materials to avoid cheap, inferior products.

10. School Transport Funding

A review of home to school transport funding was suggested, with a focus on efficiency and necessity.

Summary of Public Responses to Budget Consultation

Comparison of Themes Raised by Female and Male Respondents

1. Student and Landlord Council Tax

Female Responses:

- Many suggested charging council tax on student properties and landlords.
- Concerns that students use local services but do not contribute financially.

Male Responses:

- Strong emphasis on charging council tax for student accommodations and landlords.
- Criticism about financial loss due to exempted student properties.

2. Reducing Council Expenditures

Female Responses:

- Suggestions to turn off street lighting during late hours to save money.
- Proposals to reduce council staff and management salaries.
- Recommendations to sell unused council buildings.

Male Responses:

- Suggestions to reduce the number of council staff, especially senior management.
- Calls for selling off underused council properties.
- Ideas to merge redundant roles and abolish unnecessary positions.

3. Housing Developments

Female Responses:

- More housing in Durham City Centre, particularly near the river.
- Stop the creation of new buildings and focus on utilizing existing ones.

Male Responses:

- Calls for more city housing and utilizing existing buildings rather than creating new ones.
- Proposals to convert County Hall and other locations into residential properties.

4. Environmental and Community Improvements

Female Responses:

- Initiatives like planting perennial plants.
- Improving street cleaning and tackling dog fouling through fines.

Male Responses:

- Emphasis on maintaining community projects and green spaces.
- Suggestions to increase tourism through events and cultural activities.

5. Service and Infrastructure Efficiency

Female Responses:

- Encouragement to use video conferencing to reduce costs.
- Combining refuse and recycling collections to save time and money.

Male Responses:

- Implementation of more automated systems to cut down on administrative costs.
- Suggestions to merge services with neighbouring councils for efficiency.

6. Management of Council Resources

Female Responses:

- Criticisms on the management and allocation of council funds.
- Suggestions to audit council services and reduce unnecessary expenses.

Male Responses:

- Arguments for better management of council resources and cutting down on wasteful spending.
- Recommendations to halt vanity projects and focus on essential services.

7. Community Involvement and Accountability

Female Responses:

- Calls for more transparency and accountability from the council.
- Suggestions to involve local residents in decision-making processes.

Male Responses:

- Emphasis on resident involvement in council decisions and initiatives.
- Suggestions for community-led projects and pride in local areas.

Conclusion

Both female and male respondents expressed strong opinions on several key themes such as charging council tax on student properties, reducing council spending, and improving community and environmental conditions. While both groups shared many similar concerns, male respondents placed slightly more emphasis on the efficiency of council services and the reduction of senior management roles, while female respondents provided more detailed suggestions on specific cost-saving measures and community engagement. Both groups highlighted the need for greater transparency and accountability from the council.

Annex 3
Survey results - Budget Consultation 25/26

Format of response

	Frequency	Percent
PC	92	38.8%
Tablet	10	4.2%
Mobile	125	52.7%
Paper	10	4.2%
Total	**237**	**100.0%**

Do you agree or disagree with this continued approach?

	Frequency	Percent of respondents
Agree	105	45.9%
Neither agree nor disagree	56	24.5%
Disagree	68	29.7%
Total	**229**	**100.0%**

Please select three service areas to target for savings.

	Frequency	Percent of respondents
Culture	98	41.5%
Environment and climate change	74	31.4%
Planning services	63	26.7%
Local community projects	62	26.3%
Local council tax support	56	23.7%
Welfare assistance and advice	50	21.2%
Customer access and customer services	47	19.9%
Council tax, benefits and other processing	45	19.1%
Economic development	40	16.9%
Leisure and wellbeing	39	16.5%
Housing services	30	12.7%
Street cleaning and grounds maintenance	28	11.9%
Preventative services	21	8.9%
Roads and transport	20	8.5%
Waste collection, disposal and recycling	18	7.6%
Community safety and protection	17	7.2%
Total	**708**	**300.0%**

Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

	Frequency	Percent
Yes - I agree to the 2.99% proposed increase for 2025/26 only	83	35.8%
Yes - I agree to the 2.99% proposed increase for 2025/26 and I agree to a higher council tax amount above 2.99% if the Government allowed this	41	17.7%
No - I don't agree with the proposed 2.99% increase or a higher amount if the Government allowed this for 2025/26	108	46.6%
Total	**232**	**100.0%**

As you disagree with a council tax rise, please select another three services to make further savings.

	Frequency	Percent of respondents
Culture	35	32.4%
Planning services	29	26.9%
Environment and climate change	28	25.9%
Preventative services	27	25.0%
Local community projects	24	22.2%
Welfare assistance and advice	24	22.2%
Economic development	23	21.3%
Customer access and customer services	22	20.4%
Housing services	22	20.4%
Local council tax support	21	19.4%
Council tax, benefits and other processing	18	16.7%
Waste collection, disposal and recycling	16	14.8%
Leisure and wellbeing	12	11.1%
Street cleaning and grounds maintenance	9	8.3%
Community safety and protection	7	6.5%
Roads and transport	7	6.5%
Total	**324**	**300.0%**

Please provide any further comments you wish to make.

	Frequency
Additional savings: Stop/review inefficient/processes/schemes/projects/services	30
Council tax: Impose council tax on students/student landlords/private landlords	18

	Frequency
Additional savings: Staff/manager reduction	17
Service protection/increase: Protect/increase front line/visible services (libraries, grass cutting, leisure, community projects)	14
Additional savings: Salary reduction (performance related pay/sickness pay cuts)	11
Additional savings: Joint/collaborative services/provision (libraries/leisure providing additional services)	10
Council tax: Change/remove council tax reduction scheme	10
Miscellaneous	10
Raising income: Increase/new charges/fines	10
Raising income: Pursue economic growth/profit making venues/ventures (events, hospitality venues, housing development)	10
Additional savings: Efficiency savings using technology/digital/online/automation	9
Additional savings: Reduce members/members' allowances/additional payments/equipment	8
Additional savings: Reduce sub-contracting, use own workforce/inhouse	7
Council tax: Agree with council tax increases to help services	7
Council tax: HMO review (stop applications, pursue tax)	7
Council tax: Disagree due to comparisons in CT to other areas	6
Raising income: Central government financial support/lobbying	6
Raising income: Review/selling of assets (buildings/offices)	6
Council tax: Review council tax bands	5
Additional savings: AAP funding specific savings (change to practice/model)	4
Additional savings: Children in care specific savings (change to practice/model)	4
Additional savings: More efficient ways of working (increase/permanent hybrid working, shared space)	4
Raising income: New tax opportunities (tourists/accommodation/hospitality industry/University)	4
Service protection/increase: Protect/increase climate change/wildlife/ecology	4
Additional savings: Home to school transport specific savings (change to practice/model)	3
Additional savings: Outsource council services/private sector provision	3
Additional savings: Transformational countywide approach (budgeting, focus on statutory services, increased resident involvement)	3
Consultation process issue	3
Council tax: Disagree to increase due to cost of living/personal financial impact	3

	Frequency
Additional savings: Local authority merger options	2
Service protection/increase: Protect/increase back-office staff	2
Council tax: Tackle uncollected council tax/business rates	1
Service protection/increase: Protect/increase services that help vulnerable	1
Total	**242**

Are you responding as:

	Frequency	Percent of respondents
A County Durham resident	218	93.2%
A Durham County Council employee	25	10.7%
An elected member	4	1.7%
A business	2	0.9%
An organisation	6	2.6%
Town councillor	1	0.4%
Total	**256**	

If an organisation, please specify.

	Frequency
Local Authority	2
County Durham and Darlington Fire and Rescue Service	1
Ferryhill Town Council	1
VCSE	1
Total	**5**

Are you:

	Frequency	Percent
Male	95	49.7%
Female	96	50.3%
Total	**191**	**100.0%**

What is your age?

	Frequency	Percent
Under 18	1	0.5%
18-24	4	2.1%
25-34	11	5.8%
35-44	40	21.1%
45-54	36	18.9%
55-64	52	27.4%
65-74	37	19.5%
75+	9	4.7%
Total	**190**	**100.0%**

Do you consider yourself to be a disabled person?

	Frequency	Percent
Yes	35	18.7%
No	152	81.3%
Total	**187**	**100.0%**

What is your religion or belief?

	Frequency	Percent
Christian	113	62.4%
Buddhist	1	0.6%
None	64	35.4%
Agnostic	1	0.6%
Pagan	2	1.1%
Total	**181**	**100.0%**

What is your ethnicity?

	Frequency	Percent
White British	177	97.3%
White non-British	3	1.6%
Black or Black British	1	0.5%
Travelling Community	1	0.5%
Total	**182**	**100.0%**

How would you describe your sexual orientation?

	Frequency	Percent
Heterosexual/straight	156	95.7%
Gay or lesbian	6	3.7%
Bisexual	1	0.6%
Total	**163**	**100.0%**

Residents

Do you agree or disagree with this continued approach?

	Frequency	Percent
Agree	95	45.2%
Neither agree nor disagree	53	25.2%
Disagree	62	29.5%
Total	**210**	**100.0%**

Please select three service areas to target for savings.

	Frequency	Percent of respondents
Culture	89	41.0%
Environment and climate change	66	30.4%
Planning services	60	27.6%
Local community projects	59	27.2%
Local council tax support	51	23.5%
Welfare assistance and advice	48	22.1%
Council tax, benefits and other processing	40	18.4%
Customer access and customer services	40	18.4%
Economic development	38	17.5%
Leisure and wellbeing	35	16.1%
Housing services	29	13.4%
Street cleaning and grounds maintenance	26	12.0%
Preventative services	20	9.2%
Waste collection, disposal and recycling	18	8.3%
Community safety and protection	16	7.4%
Roads and transport	16	7.4%
Total	**651**	**300.0%**

Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

	Frequency	Percent
Yes - I agree to the 2.99% proposed increase for 2025/26 only	76	35.7%
Yes - I agree to the 2.99% proposed increase for 2025/26 and I agree to a higher council tax amount above 2.99% if the Government allowed this	34	16.0%
No - I don't agree with the proposed 2.99% increase or a higher amount if the Government allowed this for 2025/26	103	48.4%
Total	**213**	**100.0%**

As you disagree with a council tax rise, please select another three services to make further savings.

	Frequency	Percent of respondents
Culture	32	31.1%
Planning services	28	27.2%
Environment and climate change	27	26.2%
Preventative services	26	25.2%
Local community projects	23	22.3%

	Frequency	Percent of respondents
Welfare assistance and advice	23	22.3%
Customer access and customer services	22	21.4%
Economic development	21	20.4%
Housing services	21	20.4%
Local council tax support	19	18.4%
Council tax, benefits and other processing	18	17.5%
Waste collection, disposal and recycling	15	14.6%
Leisure and wellbeing	11	10.7%
Street cleaning and grounds maintenance	9	8.7%
Community safety and protection	7	6.8%
Roads and transport	7	6.8%
Total	**309**	**300.0%**

Please provide any further comments you wish to make.

	Frequency
Additional savings: Stop/review inefficient/processes/schemes/projects/services	28
Council tax: Impose council tax on students/student landlords/private landlords	18
Additional savings: Staff/manager reduction	16
Service protection/increase: Protect/increase front line/visible services (libraries, grass cutting, leisure, community projects)	13
Additional savings: Joint/collaborative services/provision (libraries/leisure providing additional services)	10
Additional savings: Salary reduction (performance related pay/sickness pay cuts)	10
Raising income: Pursue economic growth/profit making venues/ventures (events, hospitality venues, housing development)	10
Council tax: Change/remove council tax reduction scheme	9
Raising income: Increase/new charges/fines	9
Additional savings: Reduce members/members' allowances/additional payments/equipment	8
Miscellaneous	8
Council tax: Agree with council tax increases to help services	7
Council tax: HMO review (stop applications, pursue tax)	7
Additional savings: Efficiency savings using technology/digital/online/automation	6
Additional savings: Reduce sub-contracting, use own workforce/inhouse	6
Council tax: Disagree due to comparisons in CT to other areas	6
Raising income: Review/selling of assets (buildings/offices)	6

	Frequency
Raising income: Central government financial support/lobbying	5
Additional savings: AAP funding specific savings (change to practice/model)	4
Council tax: Review council tax bands	4
Raising income: New tax opportunities (tourists/accommodation/hospitality industry/University)	4
Additional savings: Children in care specific savings (change to practice/model)	3
Additional savings: Home to school transport specific savings (change to practice/model)	3
Additional savings: Outsource council services/private sector provision	3
Additional savings: Transformational countywide approach (budgeting, focus on statutory services, increased resident involvement)	3
Consultation process issue	3
Council tax: Disagree to increase due to cost of living/personal financial impact	3
Service protection/increase: Protect/increase climate change/wildlife/ecology	3
Additional savings: Local authority merger options	2
Additional savings: More efficient ways of working (increase/permanent hybrid working, shared space)	2
Service protection/increase: Protect/increase back-office staff	2
Council tax: Tackle uncollected council tax/business rates	1
Total	**222**

Are you responding as:

	Frequency	Percent
A County Durham resident	218	100.0%
A Durham County Council employee	15	6.9%
An elected member	3	1.4%
A business	2	0.9%
An organisation	1	0.5%
Town councillor	1	0.5%
Total	**240**	

Residents and council staff

If both then classified as Durham County Council staff.

Do you agree or disagree with this continued approach?

	Resident	DCC staff
Agree	42.9%	66.7%
Neither agree nor disagree	26.5%	16.7%
Disagree	30.6%	16.7%
Frequency	**196**	**24**

Please select three service areas to target for savings.

	Resident	DCC staff
Culture	41.1%	32.0%
Environment and climate change	30.7%	40.0%
Planning services	27.2%	28.0%
Local community projects	25.2%	36.0%
Local council tax support	24.3%	16.0%
Welfare assistance and advice	23.3%	12.0%
Council tax, benefits and other processing	19.3%	16.0%
Customer access and customer services	18.3%	24.0%
Economic development	18.3%	8.0%
Leisure and wellbeing	16.8%	8.0%
Housing services	13.4%	12.0%
Street cleaning and grounds maintenance	12.9%	4.0%
Preventative services	7.9%	20.0%
Waste collection, disposal and recycling	7.4%	12.0%
Community safety and protection	6.9%	12.0%
Roads and transport	6.9%	20.0%
Frequency (responses)	**606**	**75**

Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

	Resident	DCC staff
Yes - I agree to the 2.99% proposed increase for 2025/26 only	34.3%	60.0%
Yes - I agree to the 2.99% proposed increase for 2025/26 and I agree to a higher council tax amount above 2.99% if the Government allowed this	15.7%	20.0%
No - I don't agree with the proposed 2.99% increase or a higher amount if the Government allowed this for 2025/26	50.0%	20.0%
Frequency	**198**	**25**

As you disagree with a council tax rise, please select another three services to make further savings.

	Resident	DCC staff
Culture	31.3%	40.0%
Environment and climate change	27.3%	0.0%
Planning services	25.3%	60.0%
Preventative services	24.2%	40.0%
Welfare assistance and advice	23.2%	0.0%
Customer access and customer services	22.2%	0.0%
Local community projects	22.2%	20.0%
Housing services	21.2%	20.0%
Economic development	19.2%	60.0%
Council tax, benefits and other processing	18.2%	0.0%
Local council tax support	18.2%	20.0%
Waste collection, disposal and recycling	14.1%	20.0%
Leisure and wellbeing	11.1%	0.0%
Street cleaning and grounds maintenance	8.1%	20.0%
Community safety and protection	7.1%	0.0%
Roads and transport	7.1%	0.0%
Frequency (responses)	**297**	**15**

ANNEX 4

MTFP 2025/26 Phase one - AAP feedback Sept – Oct 2024

Do you agree or disagree with this continued approach?

Limited direct feedback from AAP meetings re: direct views on continued approach to savings proposals. A relevant comment suggested that the proposals show a continuation of austerity rather than economic growth which is what the new Government has stated needs to drive things forward. We cannot simply keep on cutting services down to nothing. (Derwent Valley) One Board member also commented that they noted that the proposals are not savings but cuts to services. (Durham)

Further comments acknowledged that the council are limited re: consideration of statutory services. (3TP) 70% of budget is allocated to services that are of statutory responsibility and mostly unseen afforded to on a relatively small amount of people in the county allocated to Adult and Childrens social care, needs and education. For most residents their interaction with the council is litter, neighbourhood issues, safe footpaths etc. Therefore, it is difficult for people to see expenditure as it goes on 'hidden services. (Weardale) There was also dismay amongst the feedback that there has been a steady reduction in services when hard working people are paying tax. (TAP)

We need to make further savings of £21.7 million in 2025/26, £23.7 million in 2026/27 and a forecasted £64.1 million in total over the next four years. As in previous years we have asked you which services you would like us to prioritise for further budget reductions. To help us to continue to prioritise areas for savings in this way please select three service areas to target for savings.

Overall feedback did not necessarily align to the itemised service list provided however services noted as areas to prioritise for further budget reductions cover:

Community Safety and protection: Safety Advisory Group for instance needs to be looked at fully. (Stanley)

Customer access and customer services: could they generate income from hiring out their space/interview rooms when they are not open. How can they be cut further? Do it Online needs an overhaul as it isn't user friendly. If the online portal worked better, CAPs could be shut altogether, and their buildings utilised by other frontline key service areas and hired out to key partners/VCS organisations. Tried to sell Old Stanley CAP, then turn it back into a DCC Office base, now at a standstill with no clear plan. Needs addressing for the sake of Stanley Town Centre. (Stanley special meeting following AAP Board meeting (Stanley)

Street cleaning and grounds maintenance: We still need and have civic pride in communities, so could VCS be approached to help with this? Gully cleaning doesn't get done properly. Also, grass cutting has been a particular issue this year with machines not maintained and then Council grassed areas and football pitches left to overgrow and become unusable. This needs to be better managed. (Stanley special meeting following AAP Board meeting) (Stanley)

Leisure and wellbeing: As Leisure Centres are not a statutory provision, could this delivery be done differently as the costs for these centres are high and keep increasing. (Derwent Valley)

Culture: Perceived massive capital budget and nothing being delivered. Consideration needed on this e.g. DLI museum. (CLS) (Stanley) Culture activities need to be better linked in with local communities (Stanley) DCC are not looking enough at non-essential spending, arts, Lumiere, etc. they only benefit a small amount of people. (BASH & GAMP).

Do you agree or disagree to pay more for your council tax next year to help us to protect services and reduce the need to make as much further savings?

This question / topic generated the most feedback with comments and questions covering:

Banding:

- The banding system needs review - the communities that need the most get the least benefit in services from the system and the council do not obtain enough income though the system. (Mid Durham)
- Now that we have a mayor, is it in the pipeline that council tax bands may be done on the county's average band? (BASH & GAMP)
- The public may not fully understand the implications on council tax bands in the income that the council receive. Are we paying higher Council Tax than other Local Authorities? (3TP)
- There is little that could be done about Council Tax bands but there should be improved clarity, transparency and information for residents. (3TP)

Support/understanding re: raising Council Tax and utilising it to protect services:

- We need the ability to raise Council tax without a referendum as we cannot lose non-statutory services which offer wider benefits to our local residents. (Derwent Valley)
- Better communications needed on council tax – DCC provide excellent services. If public had to pay privately it would be more expensive and

DCC do provide excellent services. People may criticise less due to the value for money we get if awareness was higher. (CLS)

- Yes, agree to the 2.99% proposed increase for 2025/26 only. (Stanley special meeting following AAP Board meeting)

Suggestions on where to make additional income from Council Tax:

- Can we impose charges on those with empty properties. (Derwent Valley)
- What is happening with 22,000 empty properties currently across the county (4Together and EDRC)
- Has DCC put in their forecast for all new builds concerning council tax? - £500k has been put in already along with the new home's bonus (Spennymoor)
- With new building developments across the county, will that not have the effect of increasing the income generated through council tax? (BASH&GAMP)
- Students/student landlords who pay no council tax should be looked into (4 Together & EDRC)
- Around 33,000 households across the County are not paying council tax. Should DCC not be looking at capping this, do all of those 33,000 really need a 100% reduction. (BASH&GAMP)
- Following up on council tax arrears. (East Durham)
- Are we considering reducing the Council Tax Reduction Scheme, understand this costs £40m per year? (TAP)
- Attention needed re: properties occupied by students where council tax isn't paid (TAP)

Concern re: Council Tax rise and public understanding/perceptions:

- There are difficult decisions to be made but people will struggle with the increase, and this will hit vulnerable people and people in deprived areas across the North East. (3TP)
- Within the context of concerns re: inflation, food prices and heating costs and this will create even tighter household budgets. Although the Local Council Tax Reduction Scheme is available, there are concerns for fixed income homes where financial support may not be available. (3TP)
- Better communications needed:
    - DCC provide excellent services. If public had to pay privately it would be more expensive and DCC do provide excellent services. People may adjust their views if awareness/understanding was higher. (CLS)

    - Communities see council tax going to bins being emptied and cutting the grass and don't see the rest of it and they don't realise where it goes. A breakdown on the council tax bill would be really useful for residents (Weardale)

- Council Tax Reduction is a mainstay in supporting vulnerable people. (3TP)
- It is important to keep the Council Tax Reduction Scheme (East Durham)
- Wouldn't want council tax to be raised ideally at all, but not above amount absolutely necessary and particularly not over 2.99% if government make that an option. Hopefully there will be more guidance from government on this soon and better commitment for more funding centrally. (BASH&GAMP)

If you have any further comments to make, please provide your feedback below. This could include, for example: Additional ideas as to where we can raise further income or make further savings

Income generation and additional funding:

- **Income from buildings/facilities/assets:**
    - Have activities concerning DCC assets such as the sale of the new HQ and redevelopment opportunities for CH enhanced DCC'S budget? (Spennymoor) (4 Together & EDRC) (Weardale)
    - Can we maximise the use of local facilities to generate more income i.e. Consett Empire Theatre could be used for other functions for example. (Derwent Valley)
    - Income generation opportunities need to be looked at within local areas for example Chester-Le-Street facilities and services including Riverside Park need to be maintained and improved as it can generate income (CLS)
    - DCC assets should be looked. Buildings which are dormant in CLS, need to look at surplus properties due to a large complex estate. (CLS)
    - Has the introduction of new car parking charges generated income (4 Together and EDRC)
    - **Customer access and customer services:** could they generate income from hiring out their space/interview rooms when they are not open. Do it Online needs an overhaul as it isn't user friendly. If the online portal worked better, CAPs could be shut altogether, and their buildings utilised by other frontline key service areas and hired out to key partners/VCS organisations. Tried to sell Old Stanley CAP, then turn it back into a DCC Office base, now at a standstill

with no clear plan. Needs addressing for the sake of Stanley Town Centre. (Stanley)

- **Central Government funding allocation:**
  - The overall funding formula set by central Government needs to be changed and there needs to be lobbying for this change. (Derwent Valley)
  - A lot of funding historically was allocated to central government on levels of deprivation – wish something in central government would bring this back. The northeast has an aging population, inequalities in health and until we do something to counterbalance the inequalities it becomes a bit of a talking shop. Quite a good opportunity. (CLS)
  - Could concerns be expressed to the current Government? Would any further help be forthcoming from the Government? DCC (3TP)
  - Budget pressures are real and if the chancellor puts a tax on employers NI the costs will come back to the council for care providers etc. (Weardale)
  - There is a need to be more open and transparent with our residents around spending and particularly in relation to the pressures linked to increasing social care responsibilities where the Government allow local authorities to 'bear the brunt' in relation to this. (4 Together and ECRD)
  - Devolution specific:
    - We have just elected a Northeast Mayor, regions with a regional mayor have access to additional streams of funding. Will there be any further funding going forward from this source? (3TP)
    - As we are now part of the North-East Combined Authority and in terms of interaction, does this have any promise that will help us as a local authority? (Durham)

More efficient / areas of inefficiencies:

General comments covering:

- Inefficiencies in the way services are currently delivered need to be identified so we are achieving better value for money across all areas. (Derwent Valley)
- Communication within some departments is currently very poor and they should be held accountable. Reducing non effective back-office staff and look at smaller activities such as reducing the amount of paper at meetings and printing costs can help save money. (Derwent Valley)
- Capital programme should be reviewed. (East Durham)

- Back-office savings, this should start with top management and work down. (East Durham)
- DCC is a responsible council, but there is waste. Neighbourhoods includes community safety, and it would be good to look at youth provision. (East Durham)

Specific areas to consider:

Children and Young People (high-cost specialised care):

- Impact on austerity, meaning that Durham went from 45 children's centres to 15, negatively impacted youth service provision and the range of early support and presence in communities that enabled Children and Young People to be identified early and prevent escalation. As a result, more and more money being invested in high cost highly specialised care, where if we continue to intervene at crisis, it will never change. DCC therefore needs to consider earlier intervention with families as the priority through more community services, earlier help to provide support earlier on with investment in early help and support critical in turning the tide. (CLS)
- It is important to get the budget for Childrens Social Care right as this could incur further costs in the future as a result of lack of support for children during their early years. (3TP)
- SEN:
    - It was suggested that there should be a consultation linked to the amount of funding for SEN provision to try and help reduce costs in that area. (Derwent Valley) There are increased pressures with more and more children in care and more with SEND.
    - DCC are however doing some great work retaining social workers (i.e. not paying extra costs) and getting their own residential homes. (BASH&GAMP)

Home to school transport: Concerns re: the extent of the Home to School Transport budget, including spend on children travelling in separate taxis rather than together, suggesting the taxi contracts are extortionate. A more holistic approach should be taken, parents should be enabled to make their own taxi arrangements and where parents also receive mobility financial support and have transport of their own, they should use this to take their children to school. (Derwent Valley) Feedback re: this service was caveated that often change requires a change in national policy, as decisions made may be subject to a legal challenge. (CLS) Additionally in terms of standard home to school transport (i.e. not where there is an additional need) could parents contribute a small amount to this? Would this help to raise funds. (BASH & GAMP).

Adult social care: Feedback focused on lack of clarity covering what is included within this service provision and concern that funding may not be being spent correctly, particularly in hospital to care situations. There could be waste or different ways services could be delivered in social care. (Mid Durham)

 How the proposals might impact you, your community or those you represent

Leisure centres: Whilst leisure centres are not a statutory provision, they are crucial to the health and wellbeing of local communities which saves costs linked to other services (i.e. leisure centres can be viewed as a preventative measure leading to overall public sector savings in the long-term). (Derwent Valley)

Impact on VCS: The VCS service are picking up the slack on mental health and various other activities. There is a concern we are going to get less funding and left to pick up the slack for services that are not being considered. They are struggling for money to keep things going in the background. Services that used to be there, no longer exist. (CLS)

 Comments in support of or to clarify any of your responses.

Position of DCC:

Various comments re: DCC's general budgeting position covering:

- **Observations re: DCC's general management/approach:**
  - Although the scale of the savings to be made is huge, the County Council is in a better position than some local authorities.
  - The problem is rising costs against reduced funding. (Derwent Valley)
  - DCC has managed budgets well. Moving to a Unitary Authority meant it was possible to manage budgets in a way, other Local Authorities have been unable to do. (3TP)
  - Gone are the days where Neighbourhood Budget was for niceties – it is funding core services that should be offered by the local authority. (CLS)
  - A common thread in the number of high-profile failures in other LA's was the absence of a strong corporate governance to say no. The role of the finance lead is to say no and to be listened to by the members using the motivation that the council is using other people's money. (Weardale)

- **Use of reserves:**
  - Is DCC at risk of the government taking from its reserves (Weardale)

- Council reserves have been used extensively in the last 3 years and this is a concern. It is a very difficult exercise/balance to make savings how is this achieved? (Mid Durham)

- **Borrowing:**
  - Regarding borrowing - what plans are in place to repay debt? (Weardale)
  - Do we usually borrow from Public Loans Board? (Weardale)

- **DCC approach to funding:**
  - DCC should consider Hallam University study who made a saving of £56m annually through provision of the right leisure services that could house services, centring things around activity. Overall DCC should have fairness in allocating services based on population of areas and need. (CLS)
  - Also, questions asked to clarify DCC approach to funding re: funding spilt for capital and revenue budget. (Spennymoor)
  - Some elements have been lost due to the end of funding e.g. European Social Fund. Academisation has had a big effect economically. Alternative provision costs a lot, but better facilities are needed. It is about trying to prioritise things which will make the longer-term difference. (East Durham)

Importance and approach to this consultation:

Various comments were made in respect of the consultation process/information itself covering:

- Getting this consultation out to communities in hard copy is key as some of these groups and individuals don't have access to the internet. (CLS)
- People are disillusioned as we are feeding back, and it is not being picked up. (CLS)
- Those who make the decisions, never known consultation to change a decision. (CLS)
- There is a fundamental lack of understanding by residents as to how councils are run and what their statutory obligations are. Suggestion to look corporately at making this easier for the public to understand and appreciate what the Council spends its money on and how difficult the decisions are that need to be made. (Weardale)
- All the proposed front line service areas need a better breakdown for future budget consultations. By doing this, particular service areas could be highlighted for a saving over others in the same service area, as it is

difficult to choose three overarching service areas for potential cuts/savings. Services could also be explained/broken down more. (Stanley)

- Will further consultation be undertaken with communities. It is important to get out to into the community on this. There are a lot of community partners who could help with this. (East Durham)

ANNEX 5

Additional feedback

Durham and Darlington Fire and Rescue Service:

Thank you for the opportunity to comment on the County Council's budget proposals for 2025/26. County Durham and Darlington Fire and Rescue Service recognises the particularly difficult financial position the County Council faces and is broadly supportive of the approach the Council is taking towards making future savings. The Service is however mindful of the impact that further reductions in the Council's budget and spending could have on the incidence of fire and the number fire fatalities in the County.

Recently the Service has seen a significant increase in the number fire deaths which has been linked to individuals with health and dementia issues. To help to address this issue, the Service proactively targets vulnerable people through our approach to home fire safety visits and more integrated working with partner agencies. We firmly believe that by working together to provide more joined up services we can reduce demand and deliver improved outcomes to those individuals most at risk of death or injury as a result of fire.

More integrated working is a key priority for the Service therefore we would welcome the opportunity to work with the Council to minimise the impact which further budget reductions may have on vulnerable adults living in the County.

Winston Parish Council:

We acknowledge the huge challenges faced by Durham County Council in being able to secure such significant levels of savings from 2025-29 and would like to provide the following constructive feedback to the current consultation.

Firstly, we strongly support the County Council in lobbying the government to reform how local authorities are funded, and to develop a fair formula that reflects the diversity of local authorities in terms of their community dynamics, rurality and levels of deprivation. If local authorities are to be effective in delivering front line services, they require certainty of funding over a 3–5-year period.

Secondly, we are aware that some of the increasing costs to local authorities have been subject to review under the previous Conservative leadership. One such example is the SEND review and resulted in the development of an action plan which encompassed how spiralling costs and demand for provision would be addressed. This review does not appear to be a priority and therefore costs to local authorities will continue to increase and contribute further to unmanageable expenditure.

We would urge Durham County Council to lobby government for an update on the status of key reviews and timescales for implementation e.g. SEND, Home to School Transport

Consultation Questions

1. Proposed Savings Identified for 25/6 and subject to consultation last year which include:

- Savings from back office and making efficiencies
- Raising additional income and considering third party contributions
- Changes to delivering front line services

We agree with this approach but are concerned that changes to front line services eg using more technology may disadvantage certain sectors of the community if they have limited or no access to IT or lack confidence in its use. It is essential that members of the community can have the option of direct communication with a person as required. We would urge the Council to consider alternative approaches to maintaining face to face services where appropriate e.g. the use of trained volunteers from communities.

Similarly, the use of direct payments is currently available for those that wish to manage their own levels of care within the Learning Disability Service and therefore it is unclear how this is expected to produce further efficiencies.

2. Further Savings

We would urge the Council to work with community representatives to identify options for community led delivery of services in specific areas such as:

- Culture e.g. libraries and theatres
- Street cleaning and grounds maintenance
- Leisure and Wellbeing

We have identified these 3 priorities as an opportunity for transformation and not reduction of services. We are aware that North Yorkshire Council has adopted a similar approach with some libraries being led and managed by volunteers and this may be worth further exploration.

3. Council Tax

It is with reluctance that we agree to the 2.99% increase to the Council Tax for 2025/26 only. We are aware that Councils can currently request a higher percentage increase, but this is subject to referendum and national government approval. Therefore, we would require further understanding of the parameters made by the Council to autonomously raise amounts above this level, if the Government agreed.

4. Further Comments

Areas for additional savings
A) Parish Councils have a key role to play in their communities and there is further potential to explore the possibility of further services being devolved to Parish Councils to ensure they remain community focussed and responsive to local need. We would be interested in jointly exploring a revised role for Parish Councils with broader responsibilities for devolved local services. It would also be the ideal opportunity to consider the revision of the funding formula for Parish Councils into the future.

B) Review funding arrangements from the Council for the annual Appleby Fair

Kind regards,
Winston Parish Council

Northeast Chamber of Commerce – Response to budget consultation 2025-26 and Medium-Term Financial Plan 2026-2029:

The North East Chamber of Commerce represents over 2,000 businesses, employing 40% of the region’s workforce. By supporting, connecting and representing our members we ensure businesses and other employers are at the heart of building a thriving economy, continuing to make the North East the best place to live and work. The Chamber has launched Stronger, fairer North East, our new plan for driving more inclusive economic growth: our comments reflect the tenets of that plan and our conversations with our members across your county.

We recognise that there are a challenging set of financial circumstances, with inflationary pressures persisting and the cost-of-living crisis continuing to affect a significant proportion of households across the North East. Members have frequently highlighted the importance of strong public services as a central component of a healthy North East economy and it is positive to see the council prioritizing essential services making County Durham a place where everyone thrives.

We understand the significant cost and pressures around adult and children’s social care with 47% of the budget being spent on social care and this has led to a proposed increase in council tax.

Our Durham based members at our recent area meeting all highlighted recruitment as one of the key challenges facing their business and preventing growth. Housing was also highlighted as a key issue with the need to retrofit old housing stock and ensure new stock is meeting net-zero standards.

In terms of potential future savings outlined in the consultation we would like to highlight the importance of planning services and economic development services to creating local growth in the area. These are both essential for our members and help to improve our local economy.

Overall, we are broadly supportive of the approach being taken to deliver a balanced budget for 2024-25 whilst maintaining a commitment to deliver a high level of basic services.

As a Chamber we will continue to work in partnership to secure the best possible conditions for businesses and employers in County Durham and the wider North East.

Yours sincerely,
North East Chamber of Commerce

Pioneering Care Partnership:

Like all public sector bodies DCC will have some difficult decisions to make over the next few years. However, in times like this I would urge DCC to see the future as an opportunity to think and do things differently.

Pioneering Care Partnership is a large charity based in County Durham working in the health and social care sector across the northeast, I'd urge you to explore how to avoid duplication of services, how DCC uses the 'Durham Pound' to support key services being delivered by the VCSE and how we can maintain services in the community via a different delivery model. For example, we have successfully operated the Pioneering Care Centre (a community health hub) for over 20 years, how could you use our experience to operate similar facilities within County Durham. Like all VCSE organisations we couldn't take on the liability of huge staff costs, but we can look at alternative partnerships to deliver a community service that is better value for money and supports the VCSE sector. Also, with regard Sports Centres and Leisure Service, could these be contracted out to a third party to operate?
I hope that the consultation process goes well, and I look forward to hearing from you.
Best wishes

CDP – member response

Good Afternoon

Many thanks for the reminder - my principal comment is that you should definitely increase Council Tax for 2025/26 by the maximum of 2.99%, and indeed if you were given more flexibility from central government, you should consider raising council Tax beyond the current allowed maximum amount. Why do I say this? Because those that are not able to pay their full share of Council Tax are already able to have the exemptions that the Council allows; we all need to pay for services for those that are more vulnerable than ourselves - this is a given for any democratic society, and it is a tax that the Council can receive quickly and doesn't require any changes to the present system for collecting the tax.

I note your consultation dates for AAPs to have the public attend their meetings - I should think views will become clearer at future County Durham Partnership Meetings and of course through the public consultations -, it is a most difficult task and you are to be commended for the trouble you have taken with your public consultations and your desire to get as many points of views on this most difficult of decision-making.

Durham University:

Thank you. I have made enquiries in the University, and they feel it is not appropriate for the University to offer comment on this.
With best wishes,
Durham University, UK.

North Lodge Parish Council:

Good afternoon,
This Parish Council is deeply concerned at the proposed budget cuts and the proposed increases in Council Tax combined with the prospect of lower service standards.
Kind Regards,
North Lodge Parish Council

Tees, Esk and Wear Valleys NHS Foundation Trust:

Thank you for seeking comments on the council's financial budget through the ongoing consultation. I respond on the Trust's behalf.

As a close and valued partner, we would want firstly to assure you that we have some appreciation of the very difficult operational and strategic decisions facing council executive and member colleagues, many of which must feel like 'least-worst' scenario planning. We send our support as you navigate inevitably difficult decision-making.

We also wanted to relay our practical support for all our local authority partners, and to assure that we have lobbied, and will continue to lobby, via our wider Executive and Finance Director networks. This includes representations into

national NHS England and NHS longer term plan mechanisms, and through our representative bodies, for a review of the funding of local authorities, including:
• national review of the funding of social care and related pressures,
• fair funding review of authorities, the most financially disadvantaged of which have some of the greatest health inequalities, and
• impacts of the two former issues on public health grant funded expenditures.

We hope that the new government's focus on a 'health' rather than 'NHS' plan, will afford opportunities for more aligned Health and Social Care policy nationally that will serve as enablers regionally. We have responded briefly to each of the questions posed:
• the approach we are continuing to use to find savings as shown in next year's proposal totalling £3.2 million for 2025/26

We recognise the challenging current, and decade and longer, impacts from successive governments' failure to address social care funding nationally, or the fair funding of individual local authorities, most notably in some of our most deprived and needy communities.

We support the council's approach of aiming to optimise back office and income generating approaches that seek, where possible, to preserve frontline services.

We would be concerned about proposals that reduce support to children and young people (whose early years play such a significant part in their prospect of living long and healthy lives) and for whom coinciding adverse childhood experiences are a clear indicator of future and serious mental illness.

We would have concerns should new proposals be considered that reduce public health (grant) funded provision, including for substance misuse services and with voluntary sector agencies, given the obvious economic case for this (whilst understanding the obvious and significant tension of wider council budget pressures) and longer-term health impacts.

We would especially want to better understand any (new) proposals, including for social care provision, which had potential to adversely impact the discharge of adults or older adults from a mental health or learning disability hospital admission once ready for discharge, and work with colleagues to mitigate risk. The Trust has, in aggregate, faced significant challenges across the range of local authority partners with which we collaborate, with average beds occupied having risen from c 2-3 to in excess of 40 beds at any point in time (across both Integrated Care Systems and all authorities).

We would ask that the council's helpful engagement with partner organisations continues, including to impact assess any new proposals well ahead of a formal budget consultation process.

• our proposal to increase Council Tax for 2025/26 by the maximum of 2.99% We understand that budget pressures, including for SEND, have led to very difficult proposals for council tax and citizens. It seems inevitable that, in the absence of any national review of their funding, many local authorities will need to adopt similar policies to mitigate the widening gap between demand and inflationary pressures and revenue that is achievable from business rates and council tax in our communities. Other than proposing further, and even more challenging, expenditure reductions it is difficult for us to propose an alternative approach.

• whether, if we were given more flexibility from central government, we should consider raising Council Tax beyond the current allowed maximum amount. Other than proposing further, and even more challenging, expenditure reductions it is difficult for us to propose an alternative approach. We appreciate that the Council has continued to apply the original Council Tax Reduction Scheme, seeking to minimise the impact of an increasing Council Tax burden on some of our most financially precarious families, and would hope that this remains. We continue to lobby for fairer funding of our local authorities, especially in respect of the rising disparity between the poorest and most affluent areas of England – the latter being less reliant on grant funding and better able to generate council tax revenues. We understand the inequitable pressure this imposes on the council's financial outlook.

• what other services we should continue to prioritise for savings, to cover the remaining gap for next year (to meet the overall £21.7 million total for 2025/26), and longer term, to achieve the remaining £64.1 million in savings needed over the next four years. We would welcome approaches that target back office, digital/automation, site rationalisation (including through collaboration with the Trust) and income generation, however we appreciate that the prospect of delivering the stretching £64.1m target from those areas is limited. We would request that partner organisations are engaged in impact assessing proposals well ahead of formal budget consultations. We will continue to lobby nationally, through our representative bodies, national consultation, and networks, for a fairer deal for local authorities as we understand the impacts on our communities of the combined health and social care offer.

We support the council's overall approach to seek, where possible, to preserve frontline services. Our responses noted above apply equally here:
We would be concerned about proposals to reduce support to children and young people (whose early years play such a significant part in their prospect of living long and healthy lives) and for whom adverse childhood experiences are a clear indicator of future and serious mental illness.

We would have concerns should new proposals be considered that reduce public health (grant) funded provision given the obvious economic case for this (whilst understanding the obvious and significant tension of wider council budget pressures) and longer-term health impacts.

We would especially want to better understand any (new) proposals, including for social care provision, which had potential to adversely impact the discharge of adults or older adults from a mental health or learning disability hospital admission once ready for discharge, and work with colleagues to mitigate risk.

We would ask that the council's helpful engagement with partner organisations continues, including to impact assess any new proposals well ahead of a formal budget consultation process. We sincerely hope that this week's budget and additional funding for social care and SEND will mitigate at least some of the near-term spending pressures but understand that this is dwarfed by the huge challenge outlined in the budget consultation document.

We look forward to continuing to work with you as we, each separately, and jointly through our system collaboration, seek to optimise our shared resources and to mitigate otherwise worse consequences for our populations.

Yours sincerely,
Tees, Esk and Wear Valleys NHS Foundation Trust

Resident email

Acknowledged but not included in the appendix.

ANNEX
Durham Youth Council Report

Budget Consultation Report October 2024
Consultation led by Durham Youth Council Durham Youth Council
Tel- 03000 262719 Stanley Education Centre Stanley DH9 0HQ
www.durham.gov.uk/youthvoice youthvoice@durham.gov.uk

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Disclaimer: percentages have been rounded to one decimal place for easy of understanding, this does not mean that they have been altered in any way and a results table is given at the bottom of each question that is multiple choice which can be referred to for total accuracy.

Background
Durham Youth Council: Durham Youth Council are a group of Young People aging from 11-19 based across County Durham.

The Youth Council are supported by our Participation and Engagement Officer within the Education Department of Durham County Council. Its purpose is to give Children and Young People a ‘collective voice’ that is listened to and acted upon by the important decision makers. We want Young People to be more involved in making decisions about issues and services that affect Young People and we want to support Young People in making positive changes. Youth Council members come from a range of different schools, colleges and youth provisions.

Our Young People come from a range of different areas and backgrounds, and we pride ourselves on being a diverse, accepting group. Our Council Members are expected to develop different ways of gathering the voices of Young People across the County, exploring the things that matter to them. They’re responsible for helping develop new projects, events or campaigns to gather opinions, raise awareness and support with key issues impacting on Children and Young People.

The Youth Council also support the elected members of the Youth Parliament to campaign on issues affecting Young People both locally and nationally. The Youth Council are also given the opportunity to work with other organisations to explore what’s available for Young People to access and how these services could be made better and best work for Young People.

Overview: Durham Youth Council met with representatives from Durham’s Consultation team, and Finance Team, in October to discuss Durham’s budgets and forecasts, as part of a County wide public consultation to gather opinions of where money can be saved.

Process Purpose and aims of the consultation were discussed with Libby Ward and Joanne McMahon. The Youth Council were given their task to be carried out internally. The consultation was carried out over the period of two weeks, starting from 16th October and a discussion was had between Youth Councillors to produce this document.

Durham Youth Council were asked to look at a list of 16 front line services that could potentially have their budget cuts, or ways of delivering programs changed, to find the savings Durham County Council needs to balance their budget.

This was following a session with representatives from consultation and finance who explain to the youth council what the Durham County Council budget was, what the forecasts were, where income came from, where money had already been saved and what cuts had already been made and what the budget is spent on. The Youth Council had the opportunity to discuss these things with the representatives and ask any questions before being told about the 16 areas.

The Youth Council were then asked to take some time looking at the 16 areas and the types of things those areas cover to determine what areas would areas could be appropriate to make savings or changes in. The Youth Council members discussed it and decided to poll the list and select 3 areas that they believed should be prioritised.

The 16 areas were:

1. Community safety and protection – environmental health, trading standards, taxis and events, neighbourhood wardens, emergency planning, road safety and school crossing patrol services.

2. Council tax, benefits, and other processing – processing of House Benefit, Council Tax Benefit and other Council Tax and Business Rates account changes etc.

3. Culture – council owned museums and theatres, libraries, and support to cultural events.

4. Customer access and customer services – customer access points, call handling and contact arrangements to report issues or access services.

5. Economic development – support for businesses, projects, and support services to improve the county's economy, creating jobs and wealth.

6. Environment and climate change – reduction of carbon emissions for the council, residents, and business to tackle pollution and nature conservation.

7. Housing services – homelessness, home adaptations for vulnerable people and housing advice.

8. Leisure and wellbeing – leisure centres, parks, lay areas, playing pitches and allotments and associated activity programmes.

9. Local community projects – support for community development including AAP and the voluntary sector.

10. Local council tax support – provided working age people. We cold can or cut current levels of support in future years.
11. Planning services – provision of planning and building control services.
12. Preventative services – community-based Early intervention support for people with their mental and physical wellbeing to maintain their quality of life and live independently, this helping to reduce future statutory social care spending.
13. Roads and transport – road and footpath maintenance, pothole repair, gully cleaning, street lighting, winter maintenance, parking services, subsidised transport e.g. bus routes and bus passes.
14. Street cleaning and grounds maintenance – including parks, cemeteries and open spaces, litter picking, fly tipping, dog fouling, grass cutting, flower beds and trees.
15. Waste collections, disposal, and recycling – household and business bin collections and recycling centres.
16. Welfare assistance and advice – advice and financial support provided to vulnerable people to help address poverty especially during the cost-of-living crisis.

Of the 16 areas, the youth councillors agreed the following 3 needed to be considered priority areas when looking for savings.

Council Tax and Benefits – the youth council discussed this at lengths, and decided that in some cases, people need to take more responsibility in keeping County Durham 'afloat.' The Council provide lots of things for families, including Early Help, Leisure Centres, Libraries and supporting young people with things like transport, accessing education and services, and all of this is done at either no cost, or subsidised cost for children, families and young people. The youth council recognises how much money goes into supporting these causes and we take them for granted, more money should be saved/raised by increasing council tax and reviewing benefits.

Welfare Assistance and Advice – young people feel that more could be done to combine support and utilising other organisations and services that do similar things. Some schools offer support in the form of parent liaison officers, local community centres offer support with similar things. It is possible that a directory of others providing similar advice and support should be created and vulnerable people could be sign posted to more local support. Those areas without local support would then be a priority for the remaining DCC service.

Local Council Tax support – for similar reasons youth council voted council tax and benefits, there is room to cut or cap support and reduce the support available, this induces responsibility in people and makes people more independent and more wary of their incomes and outcomes.

Last year, Durham focused on the top 3 priorities they felt should not be considered for cuts, or should be protected to an extent, we've done the same this year and identified 3 out of the 16 we feel should be prioritised last for cuts and caps.

Waste collections, disposal, and recycling – Durham Youth Council supports Durham County Council's Single Use Plastic Pledge and has done a lot of work around waste collection, recycling and disposal already. There was a discussion about whether we should focus on Environment and Climate change, or Waste collections and recycling and it was determined that this is a bigger issue in County Durham.

Many organisations are focusing on climate change, but people in Durham aren't great at household waste. Young people are worried about the frequency that bins are emptied, the unclarity of what can and can't be recycled, the difficultly of recycling items that can't be put in household bins and need to be taken elsewhere (which a lot of people, adults included, just can't do). The time between bins being emptied means that some general waste bins are left 2 whole weeks between emptying, causing the bins, especially in bigger families, to overflow, attracting rats and other wildlife, which can lead to injury and illness and, high levels of animal abuse and cruelty. Our current waste collection, disposal and recycling offer isn't good enough, cutting budgets and reducing services is just not an option. We need to do better.

Local community projects – the projects our local communities run are important to young people, what's left of our youth service, relies on grant money and support from the council, charities and AAPs, without that money they would struggle to maintain anything close to what is needed. Services are already at the threat of losing support from Councillors and AAPS with the looming restructure of area partnerships. These projects also tend to focus on local needs, and so, a one size fits all approach does not work across different areas, which is why the money used to support them is so important.

Many young people access these projects for support, somewhere safe to go, to learn and be provided with opportunities they won't get anywhere else. These services need more support, not less and if they are cut any more, young people will suffer and in turn, more communities will suffer, anti-social behaviour is already high, it will get higher and it will be harder to resolve the problem.

Culture - the youth council agreed is important to young people, and being able to access things like the theatre, libraires and museums is very important to the development of young people. Just recently, we took some young people to see a production of Othello with a partner organisation called Elysium, it was incredible, but some of us were shocked and saddened to hear that for 4 of the 13 young people that attended, this was their first time in a theatre.

Discussions following this highlight that few young people actually access the current things DCC have to offer, the theatres don’t show many young people friendly productions, so they tend to visit larger venues like The Royal Theatre. Libraries are open at inconvenient timings so young people are unable to attend and they don’t offer young people friendly events or activities and young people don’t think the museums are used as much as they could be. Where talking about cuts and caps, because of the lack of young people accessing these venues anyway, introducing subsidised costs or fees, or shortening opening hours will not impact on young people as much as we initially thought, however, in order to have more people using these venues, and utilising what is on offer, it’s suggested that the opening times etc. are reviewed.

Conclusion

All the potential areas for development or budget reviews are important, and in some ways, all impact on young people and their families. We could talk at length about all 16 points, but too much time is spent discussing and not enough time is spent taking action. The young people at Durham Youth Council understand that difficult decisions need to be made, but we also know that they impact on young people, and the futures of children need to be considered. In summary, Council Tax and Benefits, Welfare Assistance and Advice, and Local Council Tax support should be prioritised to make savings. Waste collections, disposal, and recycling, Local community projects, and Culture should be looked at last when considering tightening budgets, increasing pricing and closing venues.

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Cabinet

4 December 2024

Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 September 2024 and Update on Progress towards achieving MTFP (14) savings

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:

(a) the forecast revenue and capital outturn for 2024/25, based on the position to 30 September 2024;

(b) an update on the dedicated schools' grants and forecast schools' outturn as at 31 March 2025, based upon the position to 30 September 2024;

(c) the forecast for the council tax and business rates collection fund outturn at 31 March 2025, based on the position to 30 September 2024; and

(d) details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2024/25 and the estimated balances that will be held at 31 March 2025.

2 To provide Cabinet with an update on progress towards achieving MTFP (14) savings in 2024/25.

Executive Summary

3 The council is continuing to operate in a period of financial uncertainty and volatility. This uncertainty is being driven by continuing short term local government finance settlements for next year. The Government has committed to providing multi-year settlements for local government from 2026/27, to provide greater certainty however, no commitment has been given to increasing the overall resources available to local government in the immediate or longer term.

4 A Comprehensive Spending Review will take place in 2025 to inform funding from 2026/27 onwards, with the commitment given to providing three-year settlements and Comprehensive Spending Reviews occurring biannually thereafter. At this stage it remains assumed that the local government finance settlement for 2025/26 will be a ‘roll over’ settlement. The Budget / Autumn Statement took place on 30 October 2024, where the Government’s spending and taxation plans were published.

5 Our inherent low tax raising capacity due to our low tax base alongside ongoing significant demand pressures, particularly escalating demographic and cost pressures in Children’s Social Care, the ongoing inflationary impact of the national living wage increases on service provision drive further uncertainty and risk in out budgets. Unless there is a fundamental shift in funding arrangements the financial outlook for the council is forecast to remain extremely challenging for the foreseeable future.

6 Consumer Price Index inflation (CPI) in the UK economy for the twelve months to September 2024 fell to 1.7%, down from the position in August 2024 when it was 2.2% but increased to 2.3% in the twelve months to October 2024. Whilst CPI is back to slightly above the Government’s target level, it is significantly lower that the peak in October 2022 (where CPI was 11.1%), prices and the cost pressures the Council face in delivering services and the size of the capital programme are still significantly higher than three years ago and are still rising. There also remains some uncertainty regarding the direction of inflation over the longer term, which is in part compounded by rising global uncertainty due to the conflict in the Middle East and Ukraine.

7 In November, the Bank of England Monetary Policy Committee cut the base rate by 0.25% points to 4.75%, partly as a response to the reduction to CPI for the twelve months to September 2024.

8 The Council’s challenging financial position is largely driven by financial pressures in Children and Young People’s Budgets. The updated forecast position as at 30 September 2024, indicates a consolidated net

service grouping cash limit overspend of £7.441 million this year. The position at quarter one, presented to Cabinet in September was a net cash limit overspend of £5.798 million. The majority of the overspend relates to Children and Young People’s Services where there is a forecast cash limit overspend of £9.517 million forecast related to Children Looked After placement costs and associated expenditure (a 4.8% overspend compared to the overall revised budget of the Directorate) – the position at quarter one for Children and Young People’s Services was a forecast cash limit overspend of £7.609 million.

9 The Children and Young People’s Services do not have a Cash Limit Reserve to offset the £9.517 million overspend so, as in previous years, this overspend will need to be financed from the General Reserve at year end and these costs are considered to be recurrent and have therefore needed to be factored into the MTFP (15) budget planning assumptions.

10 The Local Government Employers 2024/25 pay award offer for ‘Green Book’ employees, which covers the vast majority of the Council’s workforce, was a flat £1,290 uplift on all NJC pay points 2 to 43. This was agreed by unions on 23 October 2024. The offer is broadly in line with 4% uplift in budgeted costs provided for in 2024/25.

11 The Chief Officer Pay award has also been agreed at 2.5%, which is in line with 2024/25 budget assumptions for this cohort.

12 As in previous years, the reduced income arising from temporary closures whilst refurbishment works are undertaken as part of the Leisure Transformation Programme has been treated as outside of the Regeneration, Economy and Growth Service cash limit budget and charged against Corporate Contingencies. The 2024/25 reduced income is forecast as £0.459 million – slightly lower than the £0.500 million forecast at quarter one.

13 The growth in the use of temporary accommodation has continued into 2024/25. The Housing Benefit Subsidy Grant reclaimed from the Department for Works and Pensions, on whose behalf the Council administers Housing Benefit, does not fully cover the costs of the Council providing temporary and supported accommodation to people in need of this support. Demand for this service has increased significantly in recent years. Whilst the 2024/25 budget included a £2.6 million budget increase to reflect these costs, the 2024/25 year-end forecast has been revised and now indicates a further net budget pressure of circa £0.683 million which will be funded corporately as outside of the service cash limit. The updated forecast is lower than the quarter one forecast of a circa £0.932 million overspend. A further budget

adjustment of £0.680 million has been factored into the MTFP (15) forecasts at this stage.

14 Energy prices are continuing to fall. The 2024/25 budget factored in an expected reduction in energy prices, however, prices have fallen slightly further and more quickly than previously estimated. Energy costs are presently forecast to be lower than budget (net of Joint Stocks Power Generation income shortfall and gas credit) by £1.956 million in the current year – this is £0.611 million more than the £1.345 million underspend forecast at quarter one. The welcome reduction in energy prices has been adjusted for in conjunction with NEPO colleagues, in the MTFP (15) position.

15 Water costs are expected to increase by an average of 11% in 2024/25, with forecasts highlighting a cost increase of circa £0.110 million. This has been managed within cash limit budgets at this stage, however regulatory body communications continue to be closely monitored. Given the improved position on energy costs, a budget uplift of £0.110 million for water costs has been factored into the latest MTFP (15) position.

16 The increasing demand for statutory Education, Health and Care Plan Assessments over recent years has resulted in insufficient capacity within the council's Educational Psychology Service and the wider Early Help Team to support the volume of assessments coming through. In September 2023, a short-term contract for locum support was agreed to enable a better response to current demand within timescales whilst further work in the associated action plan and the delivery of the Delivering Better Value Programme with DfE funding is undertaken. A forecast £0.960 million has been funded corporately to support this, with the MTFP (15) forecasts including provision for permanent budget growth in this area from 2025/26.

17 Having excluded the CYPS position, the other services' cash limit budgets are forecasting a net underspend of £2.076 million – which is slightly higher than the £1.811 million forecast at quarter one, with Adult and Health Services, Resources and the Chief Executives Office underspending by a combined £3.136 million (£0.148 million higher than quarter one), offset by forecast overspending in Neighbourhoods and Climate Change and Regeneration, Economy and Growth of £1.060 million (£0.117 million lower than quarter one).

18 It is forecast that the overall corporate position will be a net overspend of £5.334 million – an increase of £1.199 million compared to the quarter one forecast. This is after application of the budgets available in general contingencies, along with forecast underspends in corporate

costs and in capital financing budgets following a managed approach to borrowing.

19 The combined forecast cash limit and corporate net forecast position therefore indicates a £3.258 million overspend for 2024/25 – consisting of a £5.334 million corporate overspend (including the CYPS cash limit overspend) less a £2.076 million services cash-limit underspend (excluding the CYPS cash limit overspend).

20 The council's current reserves policy aims to maintain General Reserve balance of between 5% and 7.5% of the net budget requirement in the medium term, which equates to a range of between £28.2 million and £42.4 million in 2024/25. The opening General Reserves balance was £32.061 million (5.68% of the 2024/25 net budget requirement).

21 The quarter two forecasts would result in the General Reserve position reducing by £5.334 million to £26.727 million, which is below the minimum threshold. A transfer from the MTFP Support Reserve of £1.516 million would therefore be required to replenish to minimum requirement levels should these forecasts materialise - £1.199 million more than what was forecast at quarter one.

22 Total earmarked and cash limit reserves (excluding school reserves) are forecast to continue to reduce. Earmarked reserves are being expended in line with their expected use, with a forecast reduction in overall reserves of £12.888 million in 2024/25, from £176.307 million to £163.419 million. £3.720 million of the reduction in reserves relates to the use of the MTFP Support Reserve in year to balance the 2024/25 budget. The updated forecasts of the reduction in earmarked and cash limit reserves are £0.490 million less than what was forecast at quarter one.

23 The forecast reserves position, including the General Reserve, is still considered to be adequate and prudent given the financial commitments we have, and the uncertainties facing the Council and the whole of local government beyond 2024/25.

24 The savings' gap highlighted in the MTFP (15) report to Cabinet on 4 December 2024 showed an increase in the savings shortfall to £69.788 million for the period 2025/26 to 2028/29, which will be partly offset by the implementation of proposed savings options of £15.836 million. However, a remaining shortfall of £53.952 million will remain, which will need to be addressed through options such as raising council tax by more than the assumed 2.99%, further transformational change driving savings and from additional funding arising from the Government's commitment to reform local government funding allocations.

25 The quarter two forecast position for all current maintained schools shows a forecast net use of reserves of £2.894 million in year - £1.611 million less than the budgeted position and an improvement on the quarter one forecasts where £5.458 million of reserves were forecast to be required. The forecast net retained maintained schools' balances at 31 March 2025 is £22.669 million - £1.934 million than what was forecast at quarter one.

26 The forecast position for Dedicated Schools Grant centrally retained block shows a £11.572 million overspend in relation to High Needs Block due to the significant gap between high needs funding levels and high needs financial pressures as demand continues to increase, increasing the cumulative forecast retained deficit to £22.167 million at 31 March 2025. The updated forecasts show a significant deterioration in the position reported in September as part of the Quarter 1 forecasts, where the deficit was forecast to be £7.873 million in year. Cabinet are reminded that this unfunded and increasing deficit is impacting on the level of investment interest income earned due to the cash-flowing of this deficit.

27 The updated projected capital outturn this year is £348.657 million against a revised budget of £363.260 million approved by Cabinet at its 18 September 2024 meeting.

28 Performance against the various treasury management and prudential indicators agreed by County Council in February 2024 are set out in this report and shows that the council continues to operate within the boundaries agreed.

29 The forecast outturn for the Council Tax Collection Fund shows an in-year surplus of £0.970 million, and a cumulative surplus of £1.806 million to 31 March 2025. Durham County Council's share of this forecast net surplus is £1.519 million.

30 The forecast outturn for the Business Rates Collection Fund is an in-year surplus of £3.568 million, and a cumulative surplus of £3.494 million to 31 March 2025 once the deficit brought forward from last year is taken into account. Durham County Council's share (49%) of this forecast surplus is £1.713 million.

31 As at 30 September 2024 the council has delivered savings totalling £6.033 million, representing 74.6% of the £8.083 million savings target for the year, with circa £1 million of the savings (13%) forecast not to be achieved in year due to delays in delivering some of the proposals agreed by Council.

Recommendations

32 It is recommended that Cabinet:

(a) note the council’s overall forecast financial position for 2024/25 and the continuing significant inflationary and demand led cost pressures – particularly in Children’s Social Care and in temporary accommodation budgets;

(b) agree the proposed ‘sums outside the cash limit’ and transfers to and from general contingencies as set out in the report;

(c) agree the revenue and capital budget adjustments outlined in the report;

(d) note performance against the various Treasury Management prudential indicators agreed by Council in February 2024;

(e) note the forecast use of earmarked reserves in year;

(f) note the forecast 2024/25 net cash limit overspend of £7.441 million including the CYPS overspend of £9.517 million (£2.076 million underspend excluding CYPS) and the forecast cash limit reserves of £9.090 million;

(g) note the forecast General Fund overspend of £5.334 million resulting in a forecast overall net council overspend in 2024/25 of £3.258 million (£5.334 million less a £2.076 million services cash-limit underspend);

(h) note the forecast General Reserve position at 31 March 2025 (£26.727 million) and the requirement to utilise £1.516 million of MTFP Reserve to replenish the General Reserves in line with the Council’s policy of ensuring this reserve is 5% of the net revenue budget (i.e. a minimum requirement of £28.243 million);

(i) note the net unavoidable demand-led and inflationary pressures which are forecast to be managed from the General Reserve;

(j) note the Dedicated Schools Grant and Schools forecast outturn position;

(k) note the position on the Collection Funds in respect of Council Tax and Business Rates; and

(l) note the amount of savings delivered to 30 September 2024 against the 2024/25 targets and the total savings that will have been delivered since 2011.

Background

33 The County Council agreed Medium-Term Financial Plan 14 (MTFP (14)), which incorporates the revenue and capital budgets for 2024/25, on 28 February 2024. MTFP (14) covers the period 2024/25 to 2027/28.

34 The MTFP (14) report highlighted ongoing budget concerns for the council with a forecast savings shortfall of £37.833 million over the 2025/26 to 2027/28 period, after factoring in assumed increases in council tax over the period and the delivery of £16.360 million of agreed savings proposals.

35 The updated MTFP (15) forecasts, covering the period 2025/26 to 2028/29, which are reported to Cabinet on 4 December 2024, show a savings shortfall increasing to £69.788 million, with additional savings measures proposed of £15.836 million, which reduce the savings gap to £53.952 million.

36 The delivery of savings to this magnitude is becoming ever more challenging to achieve.

37 Consumer Price Index inflation (CPI) in the UK economy for the twelve months to September 2024 fell to 1.7%, down from the position in August 2024 when it was 2.2% but increased to 2.3% in the twelve months to October 2024. Whilst CPI is back to slightly above the Government's target level, it is significantly lower that the peak in October 2022 (where CPI was 11.1%). However, the inflation rates linked to services and goods purchased by the Council remain higher than the underlying rate of CPI. There also remains some uncertainty regarding the direction of inflation over the longer term, which is in part compounded by rising global uncertainty due to the conflict in the Middle East and Ukraine.

38 Reducing and more stable levels of headline inflation has led the Bank of England to cutting interest rates. In August, the Bank of England Monetary Policy Committee agreed to cut the base rate to 5.00%, but in doing so stated that we should not expect regular or significant further reductions in the coming months, with CPI forecast to increase to 2.75% this autumn before reducing back down to 2% in the New Year. On 7th November, the Bank of England announced that Interest Rates would be further reduced to 4.75%. However, Bank of England issued a warning that interest rates may not continue to drop as quickly as previously expected and the increase in CPI in October will be a material factor when the MPC next meet.

39 Water prices are increasing by an average of 11% over 2024/25, with the forecasts highlighting a cost increase of circa £0.110 million this

year. This has been managed within budgets at this stage. Given the improved position on energy costs, a budget uplift of £0.110 million for water costs has been factored into the latest MTFP (15) position.

40 The Local Government Employers 2024/25 pay award offer for ‘Green Book’ employees, which covers the vast majority of the Council’s workforce, was a flat £1,290 uplift on all NJC pay points 2 to 43 inclusive. This was agreed on 23 October 2024. The pay award is broadly in line with 4% uplift in budgeted costs in 2024/25.

41 The Chief Officer Pay award has also been agreed at 2.5%, which is in line with 2024/25 budget assumptions for this cohort.

42 This report provides a forecast of the revenue and capital outturn for 2024/25, based upon expenditure and income up to 30 September 2024. It includes details relating to the General Fund revenue and capital budgets 2024/25, the Collection Fund for Council Tax and Business Rates and contains details relating to the Dedicated Schools Grant funding blocks, including the financial performance of our maintained schools.

43 The report also provides an update on the delivery of MTFP (14) savings for 2024/25. The 2024/25 savings plans were agreed by Council in February 2024 with a savings target of £8.083 million included in the budgets for the current year. This brings the overall savings target for the period from 2011/12 to 2024/25 to circa £270 million. Significant progress has been made towards achieving these savings in year and an update on performance against the £8.083 million target is set out later in the report.

Costs outside the Cash limit - Inflationary and Capacity Pressures

44 Energy prices continue to fall further and more quickly than originally forecast in the 2024/25 budget. They are presently forecast to be lower than the budget (net of a shortfall on the budgeted level of income from power generated from the Council’s Joint Stocks and gas credits) by £1.956 million. The forecasted energy costs have been supported by NEPO data and considers the forward purchasing strategy and are £0.611 million less than the £1.345 million underspend forecast at quarter one. Energy costs will continue to be monitored closely in conjunction with NEPO colleagues and assumptions for a base budget reduction in energy costs have been applied to the MTFP (15) position.

45 As in previous years, the reduction in income arising from the temporary closures whilst refurbishment works are undertaken as part of the Leisure Transformation Programme has been treated as outside of services cash limit and picked up corporately. The 2024/25 reduced

income is forecast as £0.459 million – slightly lower than the £0.500 million loss of income forecast at quarter one.

46 The growth in the use of temporary accommodation, has continued into 2024/25. The Housing Benefit Subsidy Grant reclaimed from the Department for Works and Pensions, on whose behalf the Council administers the scheme (in line with nationally set criteria) does not allow for full recovery of payments linked to temporary and supported accommodation, which has also increased in recent years. Whilst the 2024/25 budget was adjusted to offset this this pressure (a £2.6 million cost to the council), the 2024/25 year-end forecast has been updated and shows a net pressure of circa £0.683 million (increasing the subsidy loss position to £3.5 million) which will be funded corporately as outside of the service cash limit. Whilst this forecast position has slightly improved since quarter one (when a £0.932 million overspend was forecast), a further adjustment has been made to the MTFP (15) position to reflect this as part of MTFP (15) updates to Cabinet on 4 December.

47 The increasing demand for statutory Education, Health and Care Plan Assessments over recent years has resulted in insufficient capacity within the Council's Educational Psychology Service and the wider Early Help Team to support the volume of assessments coming through. In September 2023, a short-term contract to increase Educational Psychology capacity was agreed to enable a better response to current demand within timescales whilst further work in the associated action plan and the delivery of the Delivering Better Value Programme with DfE funding is undertaken. A forecast £0.960 million has been funded corporately to support this, with the MTFP (15) forecasts including provision for permanent budget growth in this area from 2025/26.

48 The following table summarises all items treated as outside the cash limit at quarter two – the debits relate to unbudgeted costs / overspends that have been excluded and picked up corporately, whereas the credits relate to additional income or budget underspends that have been excluded and transferred to the corporate centre:

Service Grouping	Items treated outside the cash limit and funded corporately via general reserves	Quarter 2 Position £million	Quarter 1 Position £million
Resources	Housing Benefit subsidy shortfall	0.683	0.932
Resources	Coroners Service overspend	0.216	0.200
Resources CAC	Care leavers discount scheme	0.169	0.129
REG	Unachievable Leisure transformation income re closure period during refurbishment	0.459	0.500
REG	Park and Ride Extension delay	-0.256	-0.256
REG	DLI Project	-0.272	-0.272
CYPS	EHCP backlog (Educational Psychologists capacity)	0.960	0.960
CYPS	Newton Europe Review	0.370	0.370
CYPS	LGPS and other charge 2023/24 charge reversal	-0.015	-0.045
NCC	Depot Business Rates	0.095	0.102
TOTAL		**2.409**	**2.620**

Revenue Outturn Forecast – Based on Position to 30 September 2024

49 Adjustments have been made to the original budget agreed by Council on 28 February 2024 for agreed budget transfers between service groupings (to reflect the transfer of functions to the Corporate Affairs Service within the Chief Executive's Office from Resources, REG and AHS).

50 In addition, the forecasted outturn position takes into consideration:

(a) items outside the cash limit to be funded by General Reserves (for Cabinet consideration and recommended approval);

(b) planned use /contribution to earmarked reserves (Appendix 4);

(c) planned use of general contingencies (for Cabinet consideration and recommended approval).

51 The following table compares the forecast of outturn with the revised budget. Further detail is provided in Appendices 2 and 3.

	Original Budget 2024/25	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance	Total Contribution to / (Use of) Contingencies, sums outside the cash limit, DSGAA and Reserves	Adjusted Variance	Total Adjustment for inflationary sums outside the cash limit	Cash Limit Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Health Services	160,100	159,497	160,487	990	-2,447	-1,457	83	-1,374
Chief Executive's Office	4,613	18,059	18,776	717	-1,432	-715	61	-654
Children and Young People's Services	195,737	194,257	217,867	23,610	-14,244	9,366	151	9,517
Neighbourhoods and Climate Change	122,253	117,461	119,559	2,098	-1,245	853	-438	415
Regeneration, Economy and Growth	54,929	58,990	62,462	3,472	-4,576	-1,104	1,749	645
Resources	28,264	18,044	18,148	104	-1,212	-1,108	0	-1,108
Cash Limit Position	565,896	566,308	597,299	30,991	-25,156	5,835	1,606	7,441
Contingencies	13,473	12,943	9,815	-3,128	1,978	-1,150	350	-800
Corporate Costs	4,059	4,059	3,997	-62	-62	-124	0	-124
NET COST OF SERVICES	583,428	583,310	611,111	27,801	-23,240	4,561	1,956	6,517
Capital charges	-56,481	-56,481	-56,481	0	0	0	0	0
DSG deficit reserve adjustment	-6,546	-6,546	-11,572	-5,026	5,026	0	0	0
Interest and Investment income	-8,800	-8,800	-8,669	131	0	131	0	131
Interest payable and similar charges	39,470	39,588	35,348	-4,240	0	-4,240	0	-4,240
Levies	17,520	17,520	17,535	15	0	15	0	15
Net Expenditure	568,591	568,591	587,272	18,681	-18,214	467	1,956	2,423
Funded By:								
Council tax	-283,639	-283,639	-283,639	0	0	0	0	0
Business Rates	-59,929	-59,929	-59,519	410	0	410	0	410
Top up grant	-78,907	-78,907	-78,907	0	0	0	0	0
Revenue Support Grant	-35,176	-35,176	-35,176	0	0	0	0	0
Estimated net surplus (-) / deficit on Collection Fund	-686	-686	-686	0	0	0	0	0
New Homes Bonus	-640	-640	-640	0	0	0	0	0
Section 31 Grant for business rates	-40,149	-40,149	-40,176	-27	0	-27	0	-27
Social Care Grant	-64,857	-64,857	-64,857	0	0	0	0	0
Services Grant	-888	-888	-889	-1	0	-1	0	-1
Levy Account Surplus Grant	0	0	0	0	0	0	0	0
Use of earmarked reserves	-3,720	-3,720	-18,110	-14,390	14,390	0	0	0
Forecast contribution to/from (-) Cash Limit Reserves	0	0	661	661	1,415	2,076	0	2,076
Forecast contribution to/from (-) General Reserves	0	0	-5,334	-5,334	2,409	-2,925	-1,956	-4,881
Total Funding	-568,591	-568,591	-587,272	-18,681	18,214	-467	-1,956	-2,423
TOTAL	0	0	0	0	0	0	0	0

Forecast of Revenue Outturn 2024/25

52 There is a net £7.441 million overspend forecast in cash limit budgets based on the quarter two projections - £1.643 million more than what was forecast at quarter one (£5.798 million cash limit overspend). This overspend is largely due to demand and cost pressures in Children’s Social Care. CYPS do not hold a Cash Limit Reserve and as such £9.517 million of the £7.411 million overspend will need to be met corporately. Once the CYPS overspend is adjusted for, there is a net £2.076 million underspend in the other services’ cash limit budgets forecast this year (£1.811 million at quarter one), with Adult and Health Services, Resources and the Chief Executives Office underspending by a combined £3.136 million (£0.148 million higher than the £2.988 million underspend forecast at quarter one), offset by forecast overspending in Neighbourhoods and Climate Change and Regeneration, Economy and Growth of £1.060 million (£0.117 million lower than the £1.177 million overspend forecast at quarter one).

53 It is forecast that the corporate position will be a net overspend of £5.334 million – and increase of £1.199 million compared to the quarter one forecast - which will need to be funded from the General Reserve. This overspend is primarily due to the overspend in CYPS of £9.517 million but is offset by forecast underspends in corporate costs (£0.924

million) and in capital financing budgets (net £4.109 million) following a managed approach to borrowing.

54 Combining the cash limit net underspend and corporate overspend position the overall forecast is for a £3.258 million overspend (0.57%) in 2024/25 against a £568.591 million budget.

55 The following sums are deemed to be outside of service grouping cash limits and it is proposed that these are funded from general contingencies.

Service Grouping	Proposal	Quarter 2 £million	Quarter 1 £million
REG/ CEO	Premises dual running costs	0.081	-0.104
REG	Radon Monitoring	0.043	0.043
REG/ CEO	Milburngate – Legal and Professional fees	0.558	0.210
REG	Catering Income reduction	0.146	0.154
REG	External Valuation costs	0.013	-
CYPS	Surplus Property - R&M	0.530	0.320
CYPS	Secure unit backdated allowances	0.302	0.302
CYPS/ Resources	Loss of SLA Income	0.093	0.026
Resources	Essential H&S Training	0.100	0.100
Resources	Long Service Awards	0.010	0.010
Resources	Occupational Health Succession Planning	0.028	0.028
CEO	Legal Assistant Support	0.074	0.074
TOTAL		**1.978**	**1.163**

56 Approval is being sought for the above sums to be funded from general contingencies during quarter two.

57 After adjusting the budgets and reserves as detailed above, the forecast outturn for cash limit reserves and the general reserve are summarised in the following table.

Cash Limit Reserves	Opening Balance as at 1 April 2024 £million	Movement during 2024/25 (including transfers) £million	Closing Balance as at 31 March 2025 £million
Adult and Health Services	-5.833	-1.467	-4.366
Chief Executive's Office	-0.864	-0.843	-1.707
Children and Young People's Services	-	-	-
Neighbourhoods and Climate Change	-0.570	0.415	-0.155
Regeneration, Economy and Growth	-1.462	0.645	-0.817
Resources	-1.135	-0.910	-2.045
Total Cash Limit Reserves	**-9.864**	**0.774**	**-9.090**

58 The forecast cash limit and general reserves position is still considered to be prudent given the significant ongoing financial uncertainties facing the council and local government beyond 2024/25. However, Cabinet should note that the cash limit reserves position for Regeneration, Economy & Growth and Neighbourhoods and Climate Change are forecast to reduce by 73% and 44% respectively in year and reflect a very low proportion of these service's net budgets.

Cash Limit Position

59 The reasons for the major variances against the revised budgets are detailed below. It is important to note that the cash limit positions exclude the inflationary related issues which are outside the control of budget managers.

Adult and Health Services (AHS)

60 The 2024/25 projected outturn for AHS, based upon the position to 30 September 2024 is a cash limit underspend of £1.374 million to the year end, representing circa 0.86% of the total revised budget for AHS. This compares to a forecast quarter one underspend of £1.828 million.

61 The forecast outturn considers adjustments for sums outside the cash limit including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves. Forecast reductions in energy costs of £83,000 have also been excluded from the cash limit outturn position.

62 The AHS forecast outturn is based on the following assumptions:

(a) the net position on vacant posts and supplies and services budgets across the service together with uncommitted budgets, results in an estimated net under budget position for the year of £0.912 million;

(b) net spend on adult care packages is £0.462 million under budget. This area of the budget continues to be closely monitored to assess demographic and procedural/operational changes, and is an area where significant MTFP savings have been taken over recent years – the total care packages budget held by AHS is £237.248 million and this is one of the largest budgets the council has;

(c) net expenditure on Public Health related activity is in line with grant allocations.

63 In addition to the above forecast, a net £2.447 million relating to contributions from reserves has been excluded from the cash limit outturn forecasts as follows:

(a) £0.156 million net drawdown from the AHS Social Care Reserve to fund temporary staffing arrangements in year;

(b) £0.484 million drawdown from the AHS Integrated Care Reserve to fund temporary staffing arrangements and short-term projects agreed with the ICB;

(c) £0.567 million drawdown from the AHS Cash Limit Reserve to fund temporary staffing arrangements in year;

(d) £0.703 million net use of Public Health reserves to fund Public Health related activity.

64 Taking the projected outturn position into account, including the transfers to/from and between reserves in year, the estimated cash limit reserve balance for AHS is forecast to be £4.366 million at 31 March 2025.

Chief Executive's Office (CEO)

65 The 2024/25 forecast revenue outturn for the Chief Executive's Office is a cash limit underspend of £0.654 million representing 3.62% of the

revised total Budget for CEO. This compares to a forecast £0.468 million underspend at quarter one.

66 The forecast outturn considers adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, capital accounting entries and use of / contributions to earmarked reserves. Forecast energy reductions have also been excluded from the service cash limit forecast outturn.

67 Net adjustments on energy costs of £61,000 and an overspend on the Coroners service of £0.216 million has been excluded from the cash limit outturn position. Also excluded is £34,000 from general contingencies in relation to £74,000 staffing costs linked to temporary legal support, £10,000 for the Milburngate development communications and an underspend of £50,000 for the Registrar’s office accommodation.

68 The forecast outturn is based on the following issues:

(a) Corporate Affairs is forecast to underspend by £0.515 million. The main reasons relate to an underspend of employee costs due to vacant posts held in advance of planned MTFP savings and a service restructure.

(b) Legal and Democratic Services is forecast to underspend by £0.147 million. This is mainly due an overspend of £0.172 million relating to childcare litigation Barrister fees, the under achievement of land charges income £38,000 and under achievement of maintained school SLA income due to academisation £39,000 – offset by vacancy savings on difficult to fill legal posts £0.209 million and £0.148 million overachieved Registrar service income.

69 In arriving at the forecast outturn position, a net £1.183 million relating to the use of reserves has also been excluded from the outturn, with the major items being:

(a) £0.229 million drawdown from the Transformation reserves to fund employee costs in 2024/25 associated with the Transformation project activity;

(b) £0.198 million drawdown from the CEO Cash Limit Reserve to fund employee and training costs for the Corporate Business Intelligence Project;

(c) £0.214 million drawdown from the Corporate Early Retirement and Voluntary Redundancy Reserve to fund redundancies;

(d) £0.128 million drawdown from the CYPS – Project Support Integrated Steering Group Reserve to fund employee costs in the Transformation Team; and

(e) £73,000 drawdown from the Resources Cash Limit Reserve to fund Intelligent-1 support costs as part of the Corporate Business Intelligence Project.

70 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 CEO is forecast to be £1.707 million at 31 March 2025.

Children and Young People's Service (CYPS)

71 The 2024/25 projected outturn for CYPS, based upon the position to the end of September 2024 is a cash limit overspend of £9.517 million, representing a 4.8% overspend against the total revised budget for CYPS. This compares to a forecast overspend of £7.609 million at quarter one.

72 The projection excludes forecast use of / contributions to earmarked reserves and items outside the cash limit such as redundancy costs which are met from corporate reserves along with capital accounting entries.

73 The cash limit outturn projection excludes forecast use of / contributions to earmarked reserves.

74 Forecast net reductions in energy costs (£0.151 million), have been excluded from the cash limit outturn position. Also funded corporately is £0.960 million of expenditure relating to additional costs being incurred to tackle the backlog of Education, Health and Care Plans assessments and £0.370 million of expenditure relating to external consultancy support to review Children Looked After forecasts and a review of the Council's Sufficiency Strategy and mitigation measures to address these pressures. In addition, £0.530 million expenditure on surplus school sites and £0.302 million relating to backdated Community Homes Allowance payments to staff at Aycliffe Secure Centre are excluded and have been funded via corporate contingencies.

75 The forecast outturn position factors in forecast overspends within Social Care of £10.220 million and underspends within Education and Skills of £0.493 million and Early Help, Inclusion and Vulnerable Children of £0.223 million.

(a) Social Care is forecast to be £10.220 million over budget for the year. This compares to a forecast overspend of £7.823 million at quarter one. The largest part of the overspend relates to the budget for Children in Care (CiC) where an overspend of £7.475 million is forecast, up from £6.033 million at quarter one.

(b) 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. The budget for this area in 2024/25 is £76.574 million, which is an increase of £14.674 million on the previous year.

(c) Between quarter one and quarter two the number of CiC in an external residential placement has remained stable, resulting in a relatively modest increase of £0.230 million in the forecast for this area of the CiC budget from £34.948 million at quarter one to £35.178 million at quarter two.

(d) The main area of pressure on the CiC budget is in relation to placements providing crisis intervention and intensive support. The budget for this area was estimated on the basis of an average of 10 placements with an average cost of £0.686 million per placement per annum.

(e) The evidence from the first half of the year is that both the number and average cost of these placements is running higher than the budgeted level and therefore the forecast has been amended to assume for the remainder of 2024/25 there will be an average of 12 placements at an average cost of £0.707 million per placement per annum. Significant work is being undertaken by the Service to reduce the reliance on these unregistered placements as part of a refreshed Placement Sufficiency Strategy.

(f) As a result, the forecast for crisis intervention placements is £9.141 million against a budget of £6.860 million, resulting in a forecast overspend of £2.281 million. The forecast overspend on this part of the Children in Care budget has increased by £1.685 million since quarter one and is the major reason behind the increased overspend forecast against the CiC budget.

(g) The Council has received a detailed diagnostic assessment of its medium-term financial forecasts of this position and is developing a number of plans to manage these budget pressures. These plans include investment in more edge of care provision, measures to enhance the number and resilience of foster care provision and more effective market intervention in external placements.

(h) Other areas of the Social Care budget are forecast to overspend by a net £2.745 million, largely reflecting associated pressures linked to increased Children in Care numbers, including legal and professional expenses, supporting family time services and independent visitors. These pressures have been recognised as part of the MTFP planning process and budgets will be increased accordingly for the 2025/26 financial year.

(i) Education is reporting an underspend of £0.493 million after taking account of adjustments for inflationary pressures and estimated pay awards.

(j) The main reasons for the underspend position are highlighted below:

   (i) £0.892 million due to underspends against Early Years activity budgets.

   (ii) £0.349 million against employee budgets, largely as a result of a staffing restructure in Education Durham and School Places and Admissions, to be implemented this summer.

   (iii) £97,000 underspend against the budget for Further Education Pension Liabilities

   (iv) These underspends are offset by the following overspends:

   (v) A forecast overspends of £0.500 million reflecting the anticipated shortfall against income budgets of £4.8 million for service level agreements with schools. This reflects a continuing financial pressure for the service largely as a result of schools converting to academy status.

   (vi) A forecast overspends of £0.187 million relating to DCC-run nursery provision across four settings.

   (vii) A forecast overspends of £0.140 million for the Progression and Learning service relating to the anticipated clawback of grant funding in relation to the provision of Adult Learning services.

(k) The Home to School Transport budget has increased by £3.550 million, from £29.186 million in 2023/24 to £32.736 million in 2024/25 and it is forecast that net expenditure will be in line with budget at this stage.

(l) Early Help, Inclusion and Vulnerable Children is reporting an underspend of £0.223 million after adjusting for inflation pressures to be funded corporately.

(m) This underspend is mainly attributable to underspends in employee and activity budgets in the One Point and SEND service areas.

(n) Expenditure of £0.960 million is included in the forecast for additional resources to tackle the backlog of EHCP requests. These costs fall largely in Educational Psychology and SEND Casework teams and associated corporate funding is also included, so there is a net nil impact from this on the service position. Increased budgetary provision for these costs has been reflected in MTFP (15) updates.

(o) Aycliffe Secure Centre is forecast to generate a surplus of £0.169 million, which will contribute to their reserves position. Occupancy levels are currently lower than previous planning assumptions however it is anticipated these will increase later in the year.

(p) Expenditure of £0.302 million has been included in the forecast for backdated costs associated with Community Homes Allowance payments for staff at Aycliffe Secure Centre and this is funded from corporate resources, so there is a net nil impact on the service position.

76 The forecast cash limit outturn shows the position after a net £2.484 million transfer / drawdown from reserves, the major items being:

(a) £0.838 million drawdown from Progression and Learning reserves to fund various NEET and employment support initiatives;

(b) £0.471 million drawdown from the Corporate Early Retirement and Voluntary Redundancy Reserve to fund Schools and Music Service forecasted redundancies;

(c) £0.399 million drawdown from the Family Hubs Reserve to fund the programme;

(d) £0.243 million drawdown from the Integrated Rapid Response Reserve to fund the service;

(e) £0.200 million contribution to the Social Inclusion Reserve for future service delivery

77 Taking the forecast outturn position into account, there is a £9.517 million forecast overspend / deficit to 31 March 2025. This will, as in

previous years, need to be funded corporately from the General Reserve due to the fact this Service has exhausted its cash limit reserves in previous years.

Neighbourhoods and Climate Change (NCC)

78 The forecast revenue outturn for 2024/25, based on the position to 30 September 2024, for NCC is a cash limit overspend of £0.415 million, representing circa 0.35% of the revised budget for NCC. This compares to a £0.211 million forecast overspend at quarter one.

79 The cash limit outturn projections exclude the forecast use of or contributions to earmarked reserves, and items treated as outside the cash limit, such as redundancy costs which are met from corporate reserves along with capital accounting entries. Net inflationary reductions on energy (net underspend of £0.438 million) have been excluded from the cash limit outturn position along with £95,000 in relation to Depot Business Rates.

80 The forecast outturn overspend is based on the following factors:

(a) Environmental Services is forecast to be £0.859 million overspent. This is mainly due to overspends of £0.237 million on waste disposal contracts, £2.096 million on transport and supplies and services (with fuel and spot hire of vehicles being the most significant areas of overspend) and £0.417 million underachieved car parking income at Noses Point and Crimdon due to delays in implementation and lower than projected usage. These overspends are partly offset by over-achieved income of £1.890 million in relation to fees and charges and contributions.

(b) Highways is forecast to be underspent by £0.145 million. There is an expected underspend of £0.569 million due to early achievement of staff savings in lieu of future MTFP savings, and overachievement of income on enforcement and inspections, including defect inspections and fixed penalty notices. Trading areas are also expected to overachieve by £0.192 million due to higher levels of activity, but this is offset by a forecast overspend of £0.616 million on highways maintenance work, mainly on gully emptying cyclic works, drainage, and bridge works.

(c) Community Protection is forecast to be underspent by £0.311 million. This is due to vacancies not yet filled and difficulties recruiting into roles arising from leavers, along with an overachieved MTFP 13 saving. There is also funding within the base budget to accommodate future increment increases associated with career grades, which isn’t required this year.

81 A net £1.146 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:

(a) £1.245 million drawdown relating to Clean & Green, Low Carbon and environmental issues;

(b) £0.458 million contribution to Highways Permits and Adoption Reserve;

(c) £0.200 million contribution to the Community Protection ICT Reserve;

(d) £0.394 million drawdown from the Horden Together Reserve;

(e) £0.188 million drawdown from the Community Protection Workforce Reserve.

82 Taking the projected outturn position into account, including the transfers to/ from and between reserves in year, the forecasted cash limit reserve balance for NCC will be £0.155 million at 31 March 2025.

Regeneration, Economy, and Growth (REG)

83 The forecast revenue outturn for 2024/25, based on the position to 30 September 2024, is a cash limit overspend of £0.645 million representing circa 1.1% of the revised budget for REG. This is an improved forecast and compares to a £0.966 million forecast overspend at quarter one.

84 This forecast considers adjustments for the expected use of reserves and items outside the cash limit, including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves.

85 Net adjustments on energy cost reductions of £1.749 million have been excluded from the cash limit forecast outturn position, together with £0.460 million in respect of Leisure Centre income shortfalls due to Leisure Transformation closures that are being covered corporately.

86 Also excluded from the REG cash limit is a £0.256 million underspend in relation to the delayed Sniperley Park & Ride route extension, a £0.272 million underspend on the Aykley Heads DLI / Cultural Venue revenue budget due to the delayed opening date, and £0.881 million of costs which has been covered from central contingencies (Facilities Management dual running net costs £0.131 million, under-achieved Catering income in relation to civic sites £0.146 million, Health & Safety radon gas works £43,000, external valuation costs £13,000 and legal /

professional fees relating to the Milburngate development £0.548 million).

87 The outturn is a managed position, and work is underway to ensure that appropriate plans can be put in place to rectify or reduce the forecast overspend position as the year progresses.

88 The main reasons accounting for the quarter two forecast outturn position are as follows:

(a) Culture, Sport and Tourism is forecast to overspend by £1.356 million against budget. The main reasons are:

(i) Unrealised MTFP savings of £0.423 million relating to Culture for Clayport Library restructure and remodel (£0.200 million), Sevenhills recharge to CYPS (£75,000), Library Transformation co-location opportunities (£0.105 million) dynamic ticketing on theatres (£30,000) and asset transfer of Blackhill Park Lodge (£13,000).

(ii) A £0.255 million overspend relating to unachieved theatre income and overspends at library facilities relating to employee costs, contract cleaning and unachieved income for fines and fees.

(iii) A £0.475 million anticipated overspend at the two completed leisure transformation sites (Abbey and Peterlee) and the three sites expected to complete in year (Spennymoor, Louisa and Teesdale) due to cost and income pressures not being in line with the levels anticipated / forecast as part of the Leisure Transformation programme.

(iv) A £0.102 million overspend within Leisure & Wellbeing because of unachieved staff turnover savings.

(v) An overspend of £0.102 million relating to a previous service restructure relating to staff working in Theatres and Durham Town Hall.

(b) Transport and Contract Services is forecast to underspend by £0.153 million against budget. The main reasons are:

(i) Under-recovery of bus shelter advertising income of £0.153 million, which was a MTFP (13) saving, and an overspend on bus shelter repairs and maintenance of £80,000.

(ii) An overspend of £0.152 million on Bus Stations due to business rates and cleaning costs at Durham Bus Station and additional security costs at Peterlee and Consett Bus Stations.

(iii) Increased business rate charges and contract costs on car parks of £0.517 million, offset by £0.590 million overachievement of parking income, £0.138 million underspends in Road Safety relating to employee and School Crossing Patrol vacancies and £0.334 million underspend on bus & rail contracts.

(c) Planning and Housing is forecast to underspend by £0.121 million against budget. The main reasons are:

(i) Planning - anticipated underspend of £69,000, due to £0.178 million underspend on staffing vacancies offset by overspends on external legal fees £60,000, subscriptions and postage £33,000 and compensation relating to Trinity Meadows of £50,000. Planning fee income is forecast to under achieve by £0.184 million, however this is offset by a reduction of £0.220 million in the agreed planning investment to other service areas;

(ii) Chapter Homes – anticipated underspend of £66,000 mainly due to a vacant post;

(iii) Strategy & Delivery – anticipated underspend of £8,000 on staffing;

(iv) Building Safety & Standards - anticipated overspend of £30,000 largely in relation to under-achieved building control income £93,000, £78,000 dangerous structures, £34,000 HUG2 scheme and £22,000 LAD scheme, partially offset by staffing vacancies of £0.176 million;

(v) Housing Access and Independent Living – anticipated overspend of £4,000, comprised of an overspend of £0.175 million on Temporary Accommodation, offset by £87,000 overachieved income relating to CCTV monitoring and staffing vacancies in Homeless Prevention.

(d) Economic Development is forecast to broadly break even against budget.

(e) Corporate Property and Land is forecast to underspend by £0.318 million against budget. The main reasons are:

(i) Building & Facilities Management – anticipated overspend of £0.151 million due to under-achieved income in public-facing catering venues £42,000, an unrealised MTFP saving (also Catering, of £71,000) and increased contract cleaning costs in Facilities Management £29,000;

(ii) Business Development – anticipated underspend of £94,000 on staffing and supplies & services;

(iii) Head of Service – anticipated underspend of £0.102 million on supplies & services;

(iv) Strategy & Property Management – anticipated underspend of £0.318 million in relation to ongoing re-structure and staffing underspends, partially offset by additional costs in relation to Freemans Reach energy centre, unbudgeted business rates costs (Priory House), underachieved income on vacant properties and underachieved income for surveyor fees;

(v) Strategic Programmes – anticipated overspend of £52,000 due to unachieved capital recharge income of £0.133 million, partially offset by underspends on staffing and supplies & services.

(f) REG Central is forecast to underspend by £0.146 million against budget, which is predominantly a result of unallocated price inflation which is being held as a contingency sum in the service.

89 In arriving at the forecast outturn position, a net £3.764 million relating to movement on reserves has also been excluded from the outturn. The major items being:

(a) £1.213 million contribution to Transport reserves relating to the projected underspend in Concessionary Fares to support the future provision of bus services and routes;

(b) £1.296 million drawdown from Culture reserves to fund various initiatives in year;

(c) £0.164 million contribution to Planning & Housing reserves to support work on Affordable Housing and Humanitarian projects in future years;

(d) £1.811 million drawdown from Economic Development reserves relating to Area Action Partnerships – primarily members neighbourhood budgets;

(e) £1.554 million drawdown from Corporate Property and Land reserves relating to property repairs & maintenance;

90 Taking the projected outturn position into account, including the transfers to/from and between reserves in year, the forecasted cash limit reserve to be carried forward for Regeneration, Economy and Growth is £0.817 million at 31 March 2025.

Resources

91 The 2024/25 forecast revenue outturn for Resources is a cash limit underspend of £1.108 million, which is 6.14% of the revised budget. This compares to a £0.692 million forecast underspend at quarter one.

92 The forecast outturn considers adjustments for sums outside the cash limit such as redundancy costs which are met from corporate reserves, capital accounting entries and the use of / contributions to earmarked reserves.

93 £0.683 million in relation to a forecast Housing Benefit Subsidy grant claim shortfall will be covered from corporate contingencies and has been excluded from the cash limit outturn position. Also excluded is £0.203 million of costs to be met from general contingencies in relation to staffing costs linked to succession planning in the Occupational Health team, Health and Safety training, long service awards and loss of maintained school SLA income.

94 The outturn is a managed position, reflecting the proactive management of activity by service managers to remain within the cash limit. The outturn position is accounted for as follows:

(a) Corporate Finance and Commercial Services is forecast to be under budget by £91,000, primarily due to underspends on employee costs of £85,000, which have been identified as future MTFP (15) savings.

(b) Transactional and Customer Services is forecast to be under budget by £0.521 million, primarily due to underspends on employee costs of £0.295 million identified as future MTFP (15) savings, £0.130 million underspend on supplies and services and £30,000 over achievement of income.

(c) Digital Services is forecast to be under budget by £0.173 million. Within this area there are forecast underspends on employees of

£0.357 million but this has been largely offset by underachievement of income, forecast to be £0.230 million.

(d) Internal Audit, Risk and Corporate Fraud is forecast to be under budget by £49,000, primarily due to a managed underspend on employee related expenditure.

(e) HR and Employee Services is forecast to be over budget by £0.141 million, primarily due to unachievable SLA income.

(f) Procurement, Sales and Business Services is forecast to be under budget by £0.438 million. This is mainly due to vacant posts held in advance of further planned MTFP savings.

95 A net £0.326 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:

(a) £0.180 million drawdown from the Business Support Reserve to fund temporary posts to support the workload of the team in year;

(b) £0.191 million drawdown from the Corporate Early Retirement and Voluntary Redundancy Reserve to fund redundancies;

(c) £92,000 drawdown from the Assessment Support Admin Scheme Reserve to fund service packages;

96 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 forecast to be £2.045 million at 31 March 2025.

Resources – Centrally Administered Costs (Corporate Costs)

97 The forecast revenue outturn for 2024/25 for Corporate Costs is a cash limit underspend of £0.124 million. This considers adjustments for sums outside the cash limit such as the use of / contribution to earmarked reserves.

98 The forecast outturn position is also improved due to the receipt of a Redmond Review Grant, to support local authorities with increased burdens of financial reporting and external audit costs, received during 2024/25.

Central Budgets

99 There is £0.800 million of corporate contingencies budget not committed at this stage which is being reported as an underspend. This considers all known / forecast drawdown requirements as set out in this report. This position may change during the remainder of the year, and

if so, this will impact on the overall General Fund corporate outturn position.

100 The Interest Payable and Similar Charges - Capital Financing budgets are forecast to be underspent by £4.240 million compared to a budget of £39.470 million. The forecast underspend reflects the decision to delay required borrowing from the Public Works Loan Board, whilst interest rates remain high. The level of cash balances currently held allows the Council to use these funds to manage cash flow requirements in the short term but does not negate the underlying need to borrow to fund capital expenditure already incurred and planned to be incurred over the current and next year. Once the under-borrowed position is addressed, the underlying base budget underspend will be removed.

101 The interest and investment income budgets are forecast to be £0.131 million lower than the £8.800 million budget agreed in February. This compares to a quarter one breakeven position. The updated forecast reflects cash balances reducing more quickly than initially anticipated, thus leaving less scope to invest surplus cash balances. The outturn forecast would be improved by around £0.750 million if the Council did not have to cash-flow the c. £22m forecast dedicated schools high needs grant deficit which has accumulated over recent years.

102 The table below highlights the change in borrowing and investments at the end of quarter two, compared to the position at 31 March:

	Actual 31.03.24 £million	**Average Interest Rate**	**Actual 30.09.24 £million**	**Average Interest Rate**
Borrowing (exc leasing & PFI)	412	3.12%	409	3.02%
Investments	217	5.65%	156	5.35%
Net Debt	**195**		**253**	

Council Earmarked Reserves Forecast

103 Earmarked reserves are funds set aside for specific, known or predicted future expenditure. Appendix 4 details the council and school earmarked reserves showing the opening balance at 1 April 2024, the forecast movement on reserves during the year and the forecast closing balance as at 31 March 2025.

104 A summary of the forecast of council reserves (excluding school reserves) is shown below. Earmarked reserves can be categorised as sums held for corporate purposes, sums held on behalf of partner

organisations / external grants and other sums earmarked for specific purposes. The summary highlights that the total earmarked and cash limit reserves are forecast to reduce by £12.888 million in 2024/25, from £176.307 million as at 1 April 2024, to £163.419 million by 31 March 2025. The movement in earmarked reserves is explained in the service grouping commentaries and the reduction in earmarked reserves is £0.490 million less than what was forecast at quarter one.

105 A summary of the expected movement in these reserves for each category is set out in the table below:

Type	Actual Balance at 1 April 2024 £ million	Adjusted for increase (-) / use of Earmarked Reserves £ million	Transfers Between Reserves £ million	Net Forecast Change in Year £ million	Forecast Balance at 31 March 2025 £ million
Earmarked – Corporate Reserves	-71.127	5.514	-	5.514	-65.613
Earmarked – Partner / External Grant	-22.880	2.416	0.841	3.257	-19.623
Earmarked - Other	-72.436	5.620	-2.277	3.343	-69.093
Sub-Total	**-166.443**	**13.550**	**-1.436**	**12.114**	**-154.329**
Earmarked - Cash Limit	-9.864	-0.662	1.436	0.774	-9.090
Total Earmarked Reserves	**-176.307**	**12.888**	**-**	**12.888**	**-163.419**

106 Based on the quarter two position, cash limit reserve balances of £9.090 million are forecast at the year end, an in-year reduction of £0.774 million. This compares to quarter one forecast where it was reported that the cash limit reserves would increase during the year by £1.023 million.

107 The forecast cash limit and general reserves position is considered to be sufficient and prudent given the financial commitments and uncertainties facing the council and local government beyond 2024/25. The MTFP 2024/25 to 2027/28 and Revenue and Capital Budget Report to Council on 28 February 2024 highlighted the ongoing budget concerns for the Council with a forecast savings requirement of £37.833 million over the 2024/25 to 2027/28 period (following £16.360 million savings identified in 2024/25).

108 The updated MTFP (15) position presented to Cabinet on 4 December 2024 highlights that the updated scale of the challenge the Council will face in balancing its budgets across the next four years is now £69.788

million. Additional savings presented on 4 December 2024 to Cabinet of £15.836 million reduce this savings gap to £53.952 million.

109 The council's current reserves policy aims to maintain a general reserve balance of between 5% (£28.2 million) and 7.5% (£42.4 million) of net budget requirement in the medium term. The quarter two forecast general reserve balance at 31 March 2025 is £26.727 million which is £1.516 million below the minimum 5% threshold and should this occur, would require a transfer from the MTFP Support Reserve at year end.

Dedicated Schools Grant

Schools Block

110 The council currently maintains 137 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.

111 The council had 143 maintained schools at the time of budget 5 schools have converted to academy status and 1 maintained nursery has amalgamated with a primary school.

112 The forecast position for the 137 maintained schools at quarter two is shown in the table below:

	Original Budget £million	**Quarter 2 Forecast £million**	**Forecast to Budget Variance £million**
Employees	198.222	205.381	7.159
Premises	13.682	11.837	-1.845
Transport	3.050	3.592	0.542
Supplies	33.289	36.111	2.822
Central Support & DRF	0.162	0.412	0.250
Gross expenditure	**248.405**	**257.333**	**8.928**
Income	-58.519	-73.891	-15.372
Net expenditure	**189.886**	**183.442**	**-6.444**
School funding allocation	185.381	180.548	4.833
Use of reserves	**4.505**	**2.894**	**-1.611**
Balance at 31 March 2024	26.192	26.192	-
Balance at 31 March 2025	**21.687**	**23.298**	**-1.611**

113 At quarter two, maintained schools are forecasting the use of £2.894 million of reserves to balance the in-year financial position. The required

use of reserves has reduced by £1.611 million from the initial planned use of reserves which were assumed for budget setting purposes and is an improvement on the quarter one forecasts when £5.458 million of reserves were forecast as being required in year.

114 The main reason for this is additional grant income which has been received since the original budget setting process. This includes the Teachers' Pension Grant and the Core Schools Additional Grant.

115 The budget share has also changed as Business Rates costs have been removed as these will not be allocated through the school's budget going forward.

116 The forecast position at individual school level indicates that a small number of schools may be in deficit at the end of the current financial year and that a more significant number of schools may not have sufficient reserves available to set a balanced budget in 2025/26.

117 The Council will work closely with schools over the autumn term to support the financial planning process to set balanced budgets for 2025/26, however it is likely that consideration will need to be given to approving licensed deficits for several schools next year due to cost challenges in schools and falling pupil roll numbers in some rural-based schools.

Centrally Retained Blocks

118 The forecast outturn position for the centrally retained DSG budgets shows a projected overspend of £11.572 million as detailed below:

DSG Block	Budget £million	Outturn £million	Over / (Under) Spend £million
High Needs	89.703	101.275	11.572
Early Years	53.402	53.402	-
Central Schools Services	3.319	3.319	-
TOTAL	**146.424**	**157.996**	**11.572**

119 The High Needs Block (HNB) budget for 2024/25 was set with a deficit of £6.547 million, due to the significant gap between high needs funding levels and high needs financial pressures.

120 The forecast at quarter two is for an overspend of £11.572 million against grant allocation for 2024-25. This compares to a forecast overspend of £7.873 million at quarter one.

121 This forecast overspend position will increase the HNB cumulative deficit position from £10.595 million at 31 March 2024 to £22.167 million at year end (31 March 2025).

122 The main reasons for forecast overspend of £5.025 million (over and above the budgeted deficit already assumed, of £6.547 million) are detailed below:

Budget Heading	Budget £million	Quarter 2 Forecast £million	Quarter 2 Over / (Under) Spend £million	Quarter 1 Over / (Under) Spend £million	Change Quarter 1 to Quarter2 £million
Special Schools	39.334	41.684	2.350	0.299	2.051
Independent and Non-Maintained Special Schools	8.389	9.727	1.338	0.571	0.767
Mainstream provision (0-16)	28.101	28.592	0.491	0.402	0.089
Mainstream provision (post-16)	6.463	6.463	-	-	0.000
Central provision	4.395	4.364	-0.031	-0.174	0.143
Alternative Provision (including Pupil Referral Unit)	13.691	14.568	0.877	0.228	0.649
Total	**100.373**	**105.398**	**5.025**	**1.326**	**3.699**
Grant	93.826	93.826	-	-	-
Surplus / Deficit (-)	**-6.547**	**-11.572**	**-5.025**	**-1.326**	**-3.699**

123 The cost of provision for pupils in special schools in Durham is forecast to be £41.684 million against a budget of £39.334 million, resulting in a forecast overspend of £2.350 million in year.

124 Of this, £1.617 million relates to additional places in special schools over and above those planned for in the budget, and £0.674 million is for additional top up funding support for individual pupils (including £0.349 million of backdated support relating to 2023/24).

125 The budget for supporting pupils in Independent and Non-Maintained Special Schools (INMSS) for 2024/25 was set at £8.389 million based on the 2023/24 quarter three forecast, however final 2023/24 outturn position was significantly higher at £9.126 million. The budget for 2024/25 was therefore set at a level that is circa £0.750 million lower than it would have been if the final outturn was known.

126 Based on current placement register information, the updated forecast position is £9.727 million, resulting in a forecast overspend of £1.338 million over budget in year.

127 The Woodlands School is funded from the high needs budget and operates as a local authority Pupil Referral Unit (PRU) and also supports pupils with Education Health Needs (EHN). The budget for The Woodlands budget for 2024/25 is £11.835 million.

128 The forecast outturn for The Woodland is £12.712 million, resulting in a forecast overspend of £0.877 million. This net overspend reflects a larger overspend of £1.578 million on PRU activities, offset by an underspend of £0.701 million for EHN provision.

129 Expenditure on mainstream top up funding is forecast to be £24.381 million against a budget of £23.723 million, resulting in a forecast overspend of £0.658 million.

130 The significant and increasing HNB deficit position is a serious concern for the Council and many other local authorities. The exceptional accounting override that allows councils to exclude High Needs Block deficits from their main council general revenue funding position is due to end in 2025/26, from which point thereafter, the cumulative High Needs Block deficit could need to be funded by Council revenue reserves from 2026/27.

131 Phase one of the HNB Sustainability Programme which came to an end in the summer of 2023, focussed on nine key areas as agreed by Cabinet in 2019 and reported previously.

132 Phase two of our HNB Sustainability Programme commenced in September 2023, with a major part of it being implementation of the DfE supported Delivering Better Value in SEND work along with further work on Social, Emotional Mental Health and Early Years Funding.

133 Engagement with all schools and settings in Durham is underway to consider all areas of expenditure across the high needs block to determine where it may be possible to make savings and / or prioritise spending.

134 For the Early Years Block, indications are that there is likely to be an underspend against grant allocation, however it is difficult to predict as the new entitlements are rolled out during the year.

135 The impact of the current forecast 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 £million
Balance as at 1 April 2023	**-8.635**	**0.722**	**0.781**	**-7.132**
2022/23 Early Years Block Adjustment	-	-0.359	-	-0.359
Use-] / Contribution in 2023/24	-1.960	0.434	0.330	-1.196
Balance as at 1 April 2024	**-10.595**	**0.797**	**1.111**	**-8.687**
2023/24 Early Years Block Adjustment	-	-0.413	-	-0.413
Forecast Use - / Contribution in 2024/25	-11.572	-	-	-11.572
Forecast Balance as at 31 March 2025	**-22.167**	**0.384**	**1.111**	**-20.672**

136 The overall DSG Reserve was in deficit of £8.687 million at the start of the financial year, largely as a result of the accumulated deficit position of £10.595 million in relation to the high needs block. The overall deficit position is now forecast to increase to £20.672 million to the year end, which includes a clawback of £0.413 million relating to Early Years funding from 2023/24.

137 The HNB cumulative deficit is forecast to increase to £22.167 million to 31 March 2025. This deficit will be held in an unusable reserve, in line with the exceptional statutory override, which was introduced and continued by the previous government, and will run until 31 March 2026.

Capital

138 The 2024/25 original budget of £361.901 million was revised at Cabinet on 18 September 2024and a revised budget of £363.260 million, a net increase of £1.359 million was agreed. Details of the original and revised budget are shown in the table below.

139 Throughout the year, the Capital Member Officer Working Group (MOWG) continually reviews progress in delivering the capital programme to consider changes in planning and delivery timescales and analysis of changes in demands on resources. This report sets out further details on revisions to the capital programme, considering additional resources received by the authority and further requests for reprofiling as Service Management Teams continue to monitor and review their capital schemes. These amendments need to be agreed by Cabinet.

140 The following table summarises the latest capital budget alongside the original budget. The table also shows the actual capital spend as at 30 September 2024.

Service Grouping	Original Budget 2024/25 £million	Revised Budget 2024/25 Quarter 1 £million	Amendments recommended by MOWG During Quarter 2 £million	Revised Budget 2024/25 Quarter 2 £million	Actual spend to 30 September 2024 £million
Adult and Health Services	0.740	0.740	-	0.740	0.660
Children and Young People's Services	98.275	98.204	-7.170	91.034	27.844
Neighbourhoods and Climate Change	84.828	85.287	-14.347	70.940	17.138
Regeneration, Economy and Growth	169.396	170.367	7.843	178.210	71.136
Resources	8.662	8.662	-0.928	7.734	3.844
TOTAL	**361.901**	**363.260**	**-14.603**	**348.657**	**120.622**

141 Since the original 2024/25 budget was updated in quarter one, there have been a number of variations to the capital programme, which are a result of additions and reductions in resources received by the council. Variations of note are detailed below.

(a) **CYPS** – the service has the following additions and reductions:

(i) **Children's Care**. This comprises £0.700 million for Short Breaks accommodation for children and young people with disabilities and complex behavioural needs and £0.800 million for the purchase of a building that will provide accommodation respite service for children and young people with complex mental health needs. Both additions will be funded from the Integrated Care Reserve.

(b) **NCC** – the service has the following additions and reductions:

(i) **Environmental Services**. This includes £0.190 million for Low Carbon Skills Decarbonisation Works funded from a Salix grant and, £59,784 for Land of Lead and Silver capital scheme, funded from Rural England Prosperity Fund (REPF) grant.

(ii) **Highways**. This includes £45,000 for drainage and flood alleviation studies, funded from and Environment Agency grant

(c) **Resources** – this service has the following additions and reductions:

(i) **Transactional and Customer Services**. An addition of £0.150 million for The Bread-and-Butter Thing Refrigerated Van funded from UKSPF grant.

(d) **REG** – the service has the following additions and reductions:

(i) **Economic Development**. This includes an addition of £3.854 million for various schemes funded from Rural England Prosperity Fund (REPF) and UK Shared Prosperity Fund (UKSPF) grants. It also includes £0.146 million s106 contributions for various capital schemes within this service area.

(ii) **Planning and Housing**. This comprises £1.966 million for Local Authority Housing Fund Round 3 (LAHFR3), partly funded from a Home's England grant and partly from self-financing; and £0.400 million for Disabled Facilities Grant capital scheme, funded from an earmarked reserve.

142 The following additional resources and reductions have been identified for future years, for which service groupings are proposing to amend the approved Capital programme.

(a) **NCC Environmental Services**. An addition of £0.576 million for Bishop Auckland Town Hall Decarbonisation, funded from a Salix grant.

143 Budget managers continue to challenge and review the phasing and programming of capital works, which has resulted in the reprofiling of the following budgets in line with anticipated activity in 2024/25:

(a) **CYPS**

(i) **Early Help, Inclusion and Vulnerable Children, including SEN Capital.** 8.702 million was reprofiled into 2025/26, as budgets for all projects to be delivered in 2024/25 have now been allocated to individual schemes and the remaining unprogrammed amount will not be required until 2025/26.

(b) **NCC**

(i) **Environmental Services.** Net reprofiling of £3.841 million from 2024/25 to 2025/26, which includes reprofiling of £3.0 million for Leachate Treatment at Coxhoe East Landfill due to the procurement to build the plant only being able to commence once the Environmental Permit for the new plant is approved by the Environment Agency. Other major reprofiling include £0.842 million for Hardwick Park One-off Investment Facility Improvements, as works are not due to commence until 2025/26; and £0.284 million for Solar PV Unprogrammed, as all projects for 2024/25 have now been allocated and it is anticipated that the remaining amount will be utilized in 2025/26. The net figure also includes an acceleration of £0.400 million for Joint Stocks New Gas Engine which has now been purchased.

(ii) **Highways**. Net reprofiling of £6.197 million from 2024/25 to 2025/26, which includes £3.868 million for A690 Landslip Kepier to reflect the forecast value of works to be completed in 2024/25. Other amounts include £0.250 million for PROW Unprogrammed; £0.260 million for Bridges Unprogrammed; £0.511 million for The Weirs Durham City; and £1.240 million for various other named bridge schemes, all to reflect the revised schedule of works in 2024/25 and 2025/26.

(iii) **Partnerships and Community Engagement**. Net reprofiling of £2.626 million from 2024/25 to 2025/26 of Members Neighbourhood budgets to reflect a revised forecast of spend in both financial years.

(c) **REG.** This service covers many schemes and project managers undertook a thorough review of the capital programme. The result is a net acceleration of £0.731 million from 2024/25 to future years and other rephasing of budgets across the period 2025/26 to 2027/28, with significant amounts detailed below.

(i) **Economic Development.** Net acceleration of £4.677 million. This includes acceleration of £5.274 million from 2025/26 to 2024/25 for NETPark Phase 3. Also included is an acceleration of £0.550 million from 2025/26 to 2025/24 for Walking & Cycling Routes, as there is potential to deliver more elements of the scheme this year. Other major amounts include reprofiling of £0.550 million from 2024/25 into 2025/26 for Bishop Auckland Towns Deal-Newgate-Market Place as the service is awaiting programme sign off by Government; and a reprofiling of £0.491 million from

2024/25 to 2025/26 for Spennymoor Long Term Plan, as the service is awaiting Government confirmation of funding and programme.

(ii) **Culture and Sport.** Net reprofiling of £1.852 million. The major amounts include reprofiling of £1.492 million from 2024/25 to 2026/27 for Woodhouse Close Leisure Centre, as due to value engineering, redesign and Northern Powergrid (NPG) delays for diversion work, main construction package will start later than original plan. The other significant amount is a reprofiling of £0.341 million from 2024/25 to 2025/26 for Weardale Railway to reflect a revised claim profile.

(iii) **Transport and Contracted Services.** Net reprofiling of £3.324 million from 2024/25 to 2025/26. Major amounts include £2.370 million for two Future High Street Fund schemes (Bishop Auckland Bus Station and Car Park; and Road Junction Capacity Improvements) due to updated spend profile received from the contractor. Other reprofiling includes £0.400 million for Locomotion - Walking & Cycling due to Specific Statutory processes being required for certain sections of the route which are taking longer than anticipated; £0.250 million for Bishop Auckland Towns Deal-Heritage Walking & Cycling due to a slight delay to programme during Active Travel England Review and subsequent outcomes; and £0.170 million for Traffic Signal Obsolescence scheme, as the service is currently programming to utilise the majority of funding in 2024/25, but are currently in early stages of ordering.

(iv) **Corporate Property and Land.** Net acceleration of £0.230 million from future years into 2024/25, comprising of £0.139 million for Demolition Programme due to demolitions that need to be undertaken in 2024/25 to prevent further deterioration and risk of anti-social behaviour; £0.195 million for Aykley Heads Plot C due to the receipt of the revised final accounts estimate; and a reprofiling of £0.104 million for Non-Highways Structures, as some works are delayed in design and hence impacting on commencing work in 2024/25 due to Highways resources issues. In addition, a total of £2.364 million was reprofiled from 2025/26 into future years for Milburngate Fit Out and Milburngate Specification Improvement, as the scheme is unlikely to proceed within the existing profile.

(v) **Planning and Housing.** Total reprofiling of £1.0 million from 2025/26 to 2024/25 for Disabled Facilities Grant to meet the programme demand.

144 The review of the capital programme also resulted in a number of internal transfers between and within services, which have a net nil impact on the overall capital programme. The major virements are summarised below.

(a) **Transfers from NCC to REG.** £0.600 million will be transferred from NCC Highways to schemes in REG Transport and Contracted Services: £0.250 million to Newton Aycliffe Housing Infrastructure Fund; £0.200 million to Road Markings – Countywide; £0.100 million to Future High Street Fund Road Junction Capacity Improvements; and £50,000 to New Traffic Signs.

145 Considering the above amendments, which include the reprofiling of capital budgets from 2024/25 to future years and budget additions and deletions described earlier in the report the revised capital programme for 2024/25 to 2027/28 is summarised in the table below.

Service Grouping	**2024/25 £million**	**2025/26 £million**	**2026/27 £million**	**2027/28 £million**	**TOTAL £million**
Adult and Health Services	0.740	-	-	-	0.740
Children and Young People's Services	91.034	29.538	3.201	-	123.772
Neighbourhoods and Climate Change	70.940	50.135	1.463	0.100	122.638
Regeneration, Economy and Growth	178.210	165.655	48.823	5.735	398.422
Resources	7.734	5.227	1.988	-	14.949
TOTAL	**348.657**	**250.555**	**55.474**	**5.835**	**660.521**

146 The capital programme is financed from various funding sources which include grants, capital receipts, revenue contributions, contributions from earmarked reserves and prudential borrowing. The following table summarises the financing of the 2024/25 capital programme.

Financed By:	Original Budget 2024/25 £ million	Revised Budget 2024/25 Quarter 1 £ million	Amendments recommended by MOWG £ million	Revised Budget 2024/25 Quarter 2 £ million
Grants and Contributions	125.995	126.727	6.639	133.366
Revenue and Reserves	3.991	5.760	1.925	7.685
Capital Receipts	3.446	3.446	-	3.446
Borrowing	228.469	227.328	-23.168	204.160
TOTAL	**361.901**	**363.260**	**-14.603**	**348.657**

147 Financing of the 2024/25 to 2027/28 Capital Programme is detailed in the table below.

Financed By:	2024/25 £million	2025/26 £million	2026/27 £million	2027/28 £million	TOTAL £million
Grants and Contributions	133.366	82.996	6.257	-	222.619
Revenue and Reserves	7.685	2.387	0.458	0.454	10.984
Capital Receipts	3.446	3.661	2.273	-	9.380
Borrowing	204.160	161.511	46.486	5.381	417.538
TOTAL	**348.657**	**250.555**	**55.474**	**5.835**	**660.521**

Prudential Indicators

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

149 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. To demonstrate that the council has fulfilled these objectives, the Prudential Code sets out indicators that must be monitored and reported quarterly.

Capital Financing Requirement (CFR)

150 The CFR is a measure of the council's underlying borrowing need for capital purposes. It includes other long-term liabilities (PFI schemes and finance leases), though these arrangements include an integral borrowing facility, so the council does not need to borrow separately for them.

151 In the table below, the original CFR estimate for 2024/25 is the position reported to Council on 28 February 2024 as part of the council's Annual Treasury Management Strategy. The council's actual CFR at 31 March 2024 of £586.318 million was reported to Council on 17 July 2024 as part of the Treasury Management Outturn Report. Updated estimates based on the forecasts as at 30 September 2024 are as follows:

	2024/25 Original £million	**2024/25 Estimate £million**	**2024/25 Variance £million**	**2025/26 Estimate £million**	**2026/27 Estimate £million**
Opening CFR	618.392	586.326	-32.066	796.979	945.773
Add net borrowing requirement for the year	255.331	213.846	-41.485	162.681	82.815
Add leasing & PFI requirement for the year	9.657	16.871	7.214	7.855	12.083
Deduct MRP/VRP and other financing movements	-19.586	-20.063	-0.477	-21.741	-24.447
Closing CFR	**863.793**	**796.979**	**-66.814**	**945.773**	**1,016.224**

Gross Debt and the Capital Financing Requirement (CFR)

152 To ensure that debt held will only be for capital purposes, the council should ensure debt does not exceed the CFR. This is a key indicator of prudent management of the Council's debt position, in terms of ensuring the council does not borrow in excess of need for short or prolonged periods and maintains a suitable level of cash and solvency. The table below shows how the council plans to comply with this requirement, which shows gross borrowing continues to be less than the CFR:

	2023/24 Actual £million	2024/25 Estimate £million	2025/26 Estimate £million	2026/27 Estimate £million
Borrowing	411.632	374.770	570.320	715.813
Finance leases	48.760	56.033	54.188	55.363
PFI liabilities	33.887	32.995	32.104	31.212
Total Gross Debt	**494.279**	**463.799**	**656.612**	**802.388**
Capital Financing Requirement	586.318	796.979	945.773	1.016.224
Under/(Over) Borrowed	**92.039**	**333.180**	**289.161**	**213.835**

Operational Boundary

153 This is the limit which gross debt is not normally expected to exceed and approximates to the CFR for a given year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached:

	2024/25 £million
Operational Boundary Limit	797.000
Estimated Gross Debt 31 March 2025	463.799
Headroom	333.201

Authorised Limit

154 This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term:

	2024/25 £million
Authorised Limit	852.000
Estimated Gross Debt 31 March 2024	463.799
Headroom	388.201

Maturity Structure of Borrowing

155 This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing for 2024/25 are shown in the table below alongside estimated figures at 31 March 2025:

	Lower Limit	Upper Limit	2024/25 Estimated
Under 12 months	0%	20%	1%
12 months to 2 years	0%	40%	1%
2 years to 5 years	0%	60%	10%
5 years to 10 years	0%	80%	18%
10 years and above	0%	100%	70%

Council Tax and Business Rates Collection Funds

Council Tax

156 Council Tax is charged for all residential dwellings in bandings agreed by the Valuation Office Agency, which is part of His 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.

157 The in-year collection rate at 30 September 2024 was 54.08%, a 0.44%-point reduction on the position as at 30 September 2023 (54.52%).

158 The in-year collection rates at the end of quarter two for the current and last two financial years, are detailed below:

Billing Year	Position at 30 September each year %
2024/25	**54.08**
2023/24	54.52
2022/23	55.92

159 The income shown in the Council Tax Collection Fund is the amount collectable from council taxpayers 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 estimated to be collectable is calculated 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.

160 Actual cash collected as at 30 September 2024 was £199.303 million compared with £197.184 million as at 30 September 2023. When the council tax increases for 2024/25 are factored in this represents a year-on-year real terms increase of £1.425 million in terms of council tax income received.

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

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

163 In terms of the in-year position for the council tax element of the Collection Fund at 30 September 2024, the estimated outturn is a surplus of £0.970 million in year, with the council's share of the in-year surplus being £0.816 million.

164 After considering the improved 2023/24 outturn position resulting in a £0.836 million reduction in declared deficit, and the forecast in year surplus of £0.970 million, the overall forecast for the council tax element of the Collection Fund is a £1.806 million surplus. The council's share of this overall surplus is £1.519 million.

165 The total position for the Council Tax element of the Collection Fund for 2024/25 is detailed in the following table:

	£ Million
Net Bills issued during Accounting Year 2024/25	427.140
LCTRS and previous years CTB adjustments	-66.037
Calculated change in provision for bad debts required and write offs	-3.611
Net income receivable (a)	**357.492**
Precepts and Demands	
Durham County Council	283.638
Parish and Town Councils	16.226
Durham Police Crime and Victim's Commissioner	39.336
County Durham and Darlington Fire and Rescue Authority	17.322
Total Precepts and Demands (b)	**356.522**
Net Surplus / (-) Deficit for year (a) – (b)	**0.970**
Undeclared Surplus / (-) Deficit brought forward from 2023/24	**0.836**
Estimated year end surplus	**1.806**

Business Rates

166 Business Rates Retention was implemented in 2013/14 and the council therefore has a vested budget interest and stake in the level of business rate yield due to the fact it can retain a share of any Business Rates Growth in the County (but is also exposed to any significant drops in the overall business rates liability).

167 Income generated from Business Rates is 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 also the level of income anticipated for the year that is important.

168 The in-year collection rate at 30 September 2024 was 58.56%, which is 0.39% point above the equivalent position last year of 58.17%. The in-year collection rates at the end of quarter two for the current and last two financial years, are as follows:

Billing year	Position at 30 September each year %
2024/25	**58.56**
2023/24	58.17
2022/23	57.27

169 In terms of the in-year position for the business rate element of the Collection Fund as at 30 September 2024, the estimated outturn for the year is an in-year surplus of £3.568 million of which the council's 49% share is £1.749 million.

170 After considering the revised undeclared 2023/24 deficit of £0.074 million and the forecast in year surplus of £3.568 million the overall forecast for the business rate element of the Collection Fund is a £3.494 million surplus, of which the council's share is £1.713 million.

171 The total position for the Business Rates element of the Collection Fund for 2024/25 is detailed in the following table:

	£ Million
Net rate yield for 2024/25 including previous year adjustments	126.659
Estimate of changes due to appeals lodged and future appeals	1.300
Estimated losses in Collection – Provision for Bad Debts and Write-offs	-1.568
Net income receivable (a)	**126.391**
Agreed allocated shares:	
Central Government (50%)	60.836
Durham County Council (49%)	59.619
County Durham and Darlington Fire and Rescue Authority (1%)	1.217
Cost of Collection Allowance and Renewable Energy (paid to Durham County Council)	1.151
Total payments (b)	**122.823**
Net surplus for year (a) – (b)	**3.568**
Undeclared Surplus / (-) Deficit brought forward from 2023/24	**-0.074**
Estimated year end surplus	**3.494**

172 Considering the forecast positions at the end of quarter two for council tax and business rates, the overarching position for the council in terms of the 2024/25 Collection Fund are as set out below, which is an overall £3.232 million surplus.

	£ Million
Council Tax Surplus	1.519
Business Rates Surplus	1.713
NET SURPLUS	**3.232**

Section 31 Grant - Small Business Rate Relief

173 Small businesses (ratepayers occupying 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.

174 Small business ratepayers with properties with rateable values up to £12,000 are now being 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%.

175 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.

176 At 30 September 2024, the gross small business relief awarded against the 2024/25 business rates bills and adjustments to 2013/14 to 2023/24 bills is £17.908 million, and the council will receive £6 million in Section 31 grant. At this stage, the Section 31 Grant relative to the small business rates relief is forecast as per budget.

Other Section 31 Grants

177 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. In 2021 the Non-Domestic Rating (Public Lavatories) Bill came into force which gives public lavatories 100% relief from business rates, this applies retrospectively from 1 April

2020. Funding for these schemes is provided through Section 31 grants.

178 When assessing estimated outturn income from business rates, due regard must also be given on the effect that changes in estimated reliefs will have on the Section 31 grants. Other collection fund related Section 31 grants are this stage forecast to be circa £0.184 million lower than budget in relation to under-indexation. This has been considered within the overall outturn position.

Update on Progress towards achieving MTFP(14) savings.

179 The delivery of the MTFP (14) agreed 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.

180 MTFP (14) savings proposals for 2024/25, agreed by County Council on 28 February 2024 total £8.083 million.

181 At 30 September 2024, savings totalling £6.033 million, representing 74.6% of the £8.083 million total savings target have been delivered.

182 There are circa £1 million of MTFP savings that have been factored into budgets in 2024/25 (13% of the total savings agreed in 2024/25), that are forecast not to be achieved in year and which are therefore impacting on the cash limit outturns. The forecast undelivered savings are detailed below, with work underway to mitigate these within Neighbourhoods and Climate Change and Regeneration, Economy and Growth:

Service	Savings Description	Total Savings Requirement in 2024/25 Budget £	Not Achieved in 2024/25 £
NCC	Increased income in Highways – Increases would relate to licensing income and developer contributions	215,000	69,000
NCC	Increase in Fees and Charges within Environmental Services – Increase would relate to Refuse & Recycling. Fixed Penalty Notices, and Durham Crematoria Surplus	235,000	40,000
NCC	Income generation at Coastal Destinations – Additional Income generation opportunities including introduction of car parking charges at Seaham and Crimdon	462,100	408,847
NCC	Review of Pest Control Charging – Review of the existing pricing for domestic ad commercial treatments, including retention of support for households on council tax relief scheme	10,000	10,000
TOTAL NCC			**527,847**
REG	Review of AAPs – Savings to be identified following a review of accommodation and running costs of Area Action Partnership	61,250	5,000
REG	Theatre Ticketing – introduction of dynamic pricing. A revised approach to how and when tickets are sold to increase and offer greater customer choice	30,000	30,000
REG	Library transformation including Sevenhills lease – Review of built service offer with regard to co-location opportunities, delivery models and tech solutions	105,000	105,000
REG	Library transformation – Clayport Library Restructure and Remodel. Remodel and update the library to create high quality environment to meet modern public requirements	200,000	200,000
REG	Strategic Traffic – increase in advertising revenue	25,000	25,000
REG	Development Management and Spatial Policy – increased fee income	100,000	75,000
REG	Culture - Asset transfer of Blackhill Park Lodge	13,000	13,000
REG	Catering Review – review of service to ensure cost neutral	100,000	71,000
		TOTAL REG	**524,000**
TOTAL			**1,051,847**

HR implications

183 Equality data relating to the two staff leaving through voluntary redundancy, early retirement, and ER/VR during quarter two of MTFP

(14) showed that 100% were female and 0% were male. In terms of race, 100% of leavers had not disclosed their ethnicity.

184 Regarding disability status 100% of leavers in quarter two did not disclose their disability status.

185 During quarter two, five employees in total have left through compulsory redundancy. All of these are associated with the MTFP savings.

186 Equality data relating to the five staff leaving through compulsory redundancy, showed that 80% were female and 20% were male. In terms of race, 60% of leavers had not disclosed their ethnicity and the remaining 40% stated that they were white British. Regarding disability status no employees said they had a disability, 0% had no disability and 100% did not disclose their disability status.

187 Since 2011, equality data relating to staff leaving through voluntary redundancy, showed that 65.48% were female and 34.52% 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.

188 In terms of race, since 2011, 45.36% of leavers had not disclosed their ethnicity with 54.17% stating that they were white British or white English.

189 Regarding disability status 2.89% said they had a disability, 14.27% had no disability and 82.85% did not disclose their disability status.

Equality Impact Assessments (EIA)

190 Services have completed EIA screenings and assessments where necessary as part of the decision-making process for 2024/25 MTFP (14) proposals.

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

Other useful documents

- County Council – 28 February 2024 – Medium Term Financial Plan 2024/25 to 2027/28 and Revenue and Capital Budget 2024/25.
- Cabinet – 10 July 2024 – 2023/24 Final Outturn for the General Fund and Collection Fund.
- Cabinet – 18 September 2024 – Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 June 2024 and update on progress towards MTFP(14) savings.

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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 forecast spend against budgets agreed by Council in February 2024 in relation to the 2024/25 financial year. The forecasts contained within this report have been prepared in accordance with standard accounting policies and procedures.

Finance

The report details the forecast financial outturn for the council for 2024/25 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 2025, plus the Collection Fund outturn, covering council tax and business rates. The report also sets out details of proposed amendments to the Capital Programme agreed by Council in February 2024, along with details of sums to be treated as outside the cash limit and funded corporately through General Contingencies.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None specific to this report. There is an overview of the protected characteristics of staffing leaving the council as a result early retirement, voluntary redundancy and compulsory redundancies as a result of MTFP(14) savings proposals implemented in year contained within the report.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

The report includes details of under and overspending against employee budgets, with underspends mainly due to vacancies and overspends due to delays in implementing restructures or managed positions due to workload.

The report includes details of the staffing implications arising from MTFP (14) savings proposals that were factored into the 2024/25 budget.

Accommodation

None.

Risk

The figures contained within this report have been extracted from the General Ledger and have been scrutinised and supplemented with information supplied by the Service Management Teams and budget holders. The projected outturn has been produced taking into consideration spend to date, trend data and market intelligence, and includes an element of prudence. This, together with the information supplied by Service Management Teams and budget holders, helps to mitigate the risks associated with achievement of the forecast outturn position.

Procurement

None.

Appendix 2: Revenue Summary 2024/25

	Original Budget 2024/25	Revised Budget	Proposed Budget Revisions	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecasted Variance	Contribution to / (Use of) Contingencies, sums outside the cash limit, DSGAA	Contribution to / (Use of) Cash Limit Reserve	Contribution to / (Use of) Earmarked Reserves	Adjusted Variance	Total Adjustment for inflationary sums outside the cash limit	Cash Limit Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult and Health Services	160,100	159,463	34	159,497	160,487	990	0	-567	-1,880	-1,457	83	-1,374
Chief Executive's Office	4,613	18,032	27	18,059	18,776	717	-249	-411	-772	-715	61	-654
Children and Young People's Services	195,737	194,215	42	194,257	217,867	23,610	-7,198	-42	-7,004	9,366	151	9,517
Neighbourhoods and Climate Change	122,253	117,417	44	117,461	119,559	2,098	-99	-343	-803	853	-438	415
Regeneration, Economy and Growth	54,929	59,026	-36	58,990	62,462	3,472	-812	0	-3,764	-1,104	1,749	645
Resources	28,264	18,003	41	18,044	18,148	104	-886	-52	-274	-1,108	0	-1,108
Cash Limit Position	565,896	566,156	152	566,308	597,299	30,991	-9,244	-1,415	-14,497	5,835	1,606	7,441
Contingencies	13,473	13,213	-270	12,943	9,815	-3,128	1,978			-1,150	350	-800
Corporate Costs	4,059	4,059	0	4,059	3,997	-62	-169	0	107	-124	0	-124
NET COST OF SERVICES	583,428	583,428	-118	583,310	611,111	27,801	-7,435	-1,415	-14,390	4,561	1,956	6,517
Capital charges	-56,481	-56,481		-56,481	-56,481	0				0	0	0
DSG deficit reserve adjustment	-6,546	-6,546		-6,546	-11,572	-5,026	5,026			0	0	0
Interest and Investment income	-8,800	-8,800		-8,800	-8,669	131				131	0	131
Interest payable and similar charges	39,470	39,470	118	39,588	35,348	-4,240				-4,240	0	-4,240
Levies	17,520	17,520		17,520	17,535	15				15	0	15
Net Expenditure	568,591	568,591	0	568,591	587,272	18,681	-2,409	-1,415	-14,390	467	1,956	2,423
Funded By:												
Council tax	-283,639	-283,639		-283,639	-283,639	0				0	0	0
Business Rates	-59,929	-59,929		-59,929	-59,519	410				410	0	410
Top up grant	-78,907	-78,907		-78,907	-78,907	0				0	0	0
Revenue Support Grant	-35,176	-35,176		-35,176	-35,176	0				0	0	0
Estimated net surplus (-) / deficit on Collection Fund	-686	-686		-686	-686	0				0	0	0
New Homes Bonus	-640	-640		-640	-640	0				0	0	0
Section 31 Grant for business rates	-40,149	-40,149		-40,149	-40,176	-27				-27	0	-27
Social Care Grant	-64,857	-64,857		-64,857	-64,857	0				0	0	0
Services Grant	-888	-888		-888	-889	-1				-1	0	-1
Levy Account Surplus Grant	0	0		0	0	0				0	0	0
Use of earmarked reserves	-3,720	-3,720		-3,720	-18,110	-14,390			14,390	0	0	0
Forecast contribution to/from (-) Cash Limit Reserves	0	0		0	661	661		1,415		2,076	0	2,076
Forecast contribution to/from (-) General Reserves	0	0		0	-5,334	-5,334	2,409			-2,925	-1,956	-4,881
Total Funding	-568,591	-568,591	0	-568,591	-587,272	-18,681	2,409	1,415	14,390	-467	-1,956	-2,423
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0

Appendix 3: Revenue Summary by Expenditure / Income 2024/25

	Original Budget 2024/25	Revised Budget	Budget - incorporating adjustments	Service Groupings Forecast of Outturn	Forecast of Outturn (including Corporate Costs)	Forecasted Variance (including Corporate Costs)	Contribution to / (Use of) Contingencies, sums outside the cash limit, DSGAA	Contribution to / (Use of) Cash Limit Reserve	Contribution to / (Use of) Earmarked Reserves	Adjusted Variance	Adjustment for inflationary-related sums outside the cash limit included in Forecast of Outturn	Cash Limit Position
											Energy	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	572,370	572,900	573,166	571,181	571,716	-1,450	86	0	-2,266	-3,630	0	-3,630
Premises	53,003	53,736	53,602	53,422	53,422	-180	-95	0	2,281	2,006	1,754	3,760
Transport	69,567	70,093	70,140	72,426	72,426	2,286	0	0	-526	1,760	0	1,760
Supplies & Services	117,523	118,541	119,744	154,551	156,245	36,501	-1,346	0	-2,084	33,071	0	33,071
Agency & Contracted	610,915	624,283	624,112	643,241	645,163	21,051	0	0	0	21,051	0	21,051
Transfer Payments	167,936	187,573	186,799	192,369	192,710	5,911	-595	0	0	5,316	0	5,316
Central Costs	131,965	131,441	131,557	141,719	142,267	10,710	-7,001	-1,415	-14,384	-12,090	0	-12,090
DRF	592	592	592	4,645	4,645	4,053	0	0	-220	3,833	0	3,833
Capital Charges	56,482	56,480	56,480	56,478	56,478	-2	0	0	0	-2	0	-2
Other	0	0	0	1,668	1,668	1,668	0	0	-1,668	0	0	0
GROSS EXPENDITURE	1,780,353	1,815,639	1,816,192	1,891,700	1,896,740	80,548	-8,951	-1,415	-18,867	51,315	1,754	53,069
Income												
Government Grants	638,984	666,662	667,164	690,596	691,126	23,962	0	0	-2,770	21,192	0	21,192
Other Grants and Contributions	103,855	106,876	106,751	113,830	114,308	7,557	0	0	-446	7,111	0	7,111
Sales	6,334	6,507	6,507	5,920	5,955	-552	0	0	16	-536	0	-536
Fees and Charges	129,890	128,817	129,008	138,801	138,801	9,793	459	0	-140	10,112	148	10,260
Rents	11,327	12,049	11,975	15,011	15,011	3,036	0	0	20	3,056	0	3,056
Recharges To Other Services	314,557	319,064	318,970	318,141	318,141	-829	3	0	-79	-905	0	-905
Other	5,451	5,449	5,450	12,102	12,102	6,652	0	0	-1,078	5,574	0	5,574
Total Income	1,210,398	1,245,424	1,245,825	1,294,401	1,295,444	49,619	462	0	-4,477	45,604	148	45,752
NET EXPENDITURE	569,955	570,215	570,367	597,299	601,296	30,929	-9,413	-1,415	-14,390	5,711	1,606	7,317

Appendix 4: Earmarked Reserves Position as at 30 September 2024

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE £'000	USE OF RESERVES £'000	CONTRIBUTION TO RESERVES £'000	TRANSFERS BETWEEN RESERVES £'000	TOTAL MOVEMENT ON RESERVES £'000	FORECAST CLOSING BALANCE AT 31/03/25 £'000
EARMARKED RESERVES							
Corporate Reserves							
Business Support Reserve	Corporate	-667	186			186	-481
Cabinet Priorities Reserve	Corporate	-108	108			108	0
Commercialisation Support Reserve	Corporate	-14,094					-14,094
Equal Pay Reserve	Corporate	-2,479					-2,479
ER/VR Reserve	Corporate	-9,977	1,607			1,607	-8,370
Insurance Reserve	Corporate	-4,128					-4,128
MTFP Reserve	Corporate	-36,299	3,720			3,720	-32,579
Resources DWP Grant Reserve	Corporate	-1,167		-107		-107	-1,274
Resources Elections Reserve	Corporate	-2,208					-2,208
Total Corporate Reserves		**-71,127**	**5,621**	**-107**	**0**	**5,514**	**-65,613**
Sums held for other organisations/grants							
North Pennines AONB Partnership Reserve	NCC	-3,170					-3,170
Resources Council Tax Hardship Reserve	Resources	-10					-10
Resources COVID-19 Support Grants	Resources	-507	92	-153		-61	-568
Social Care Reserve - Community Discharge Grant	AHS	-801					-801
Social Care Reserve - CCG	AHS	-18,392	2,477		841	3,318	-15,074
Total Sums held for other organisations/grants		**-22,880**	**2,569**	**-153**	**841**	**3,257**	**-19,623**
Other Specific Reserves							
Business Growth Fund Reserve	REG	-270					-270
CEO Grant Reserve	CEO	-86	36			36	-50
CEO Operational Reserve	CEO	0	51		-80	-29	-29
CEO Transformation Reserve	CEO	-2,853					-2,853
Children's Services Reserve	CYPS	-1,201	782	-60	-550	172	-1,029
Community Protection Reserve	NCC	-3,113	705	-441		264	-2,849
Corporate Property & Land Reserve	REG	-4,106	1,829	-275		1,554	-2,552
Culture and Sport Reserve	REG	-6,909	1,584	-288		1,296	-5,613
Economic Development Reserve	REG	-1,601	238			238	-1,363
Education Reserve	CYPS	-10,771	2,611	-2,411		200	-10,571
EHIVC Reserve	CYPS	-3,682	684	-1,020		-336	-4,018
Employability and Training Reserve	REG	-615					-615
Environmental Services Reserve	NCC	-3,279	900	-244		656	-2,623
Funding and Programmes Management Reserve	REG	-218					-218
Highways Reserve	NCC	-2,615	-116	-342		-458	-3,073
Housing Regeneration Reserve	REG	-1,869		-266		-266	-2,135
Housing Solutions Reserve	REG	-4,608	1,099	-466		633	-3,975
Partnerships and Community Engagement Reserve	NCC	-9,772	1,603	-643		960	-8,812
Planning Reserve	REG	-320	112			112	-208
Public Health Reserves	AHS	-5,185	2,017	-1,114		903	-4,282
REG Match Fund Programme Reserve	REG	-64	12			12	-52
Resources Corporate Reserve	Resources	-477	368	-283		85	-392
Resources Financial Services Reserve	Resources	0		-40		-40	-40
Resources Human Resources Reserves	Resources	-165	68			68	-97
Resources ICT Reserves	Resources	-421	101		189	290	-131
Resources Internal Audit & Corporate Fraud Reserve	Resources	-64	20			20	-44
Resources Legal Reserves	Resources	-147	32			32	-115
Resources Operations and Data Reserve	Resources	-50					-50
Resources Revenue and Benefits Reserve	Resources	-332	30			30	-302
Resources System Development Reserve	Resources	0		-300		-300	-300
Social Care Reserve - Specific Purpose	AHS	-1,190	191		-1,836	-1,645	-2,835
Town and Villages Regeneration Reserve	REG	-574	69			69	-505
Transport Reserve	REG	-5,879	494	-1,707		-1,213	-7,092
Total Other Specific Reserves		**-72,436**	**15,520**	**-9,900**	**-2,277**	**3,343**	**-69,093**
TOTAL EARMARKED RESERVES		**-166,443**	**23,710**	**-10,160**	**-1,436**	**12,114**	**-154,329**

EARMARKED RESERVES AND CASH LIMIT RESERVES	SERVICE GROUPING	OPENING BALANCE	USE OF RESERVES	CONTRIBUTION TO RESERVES / CASH LIMIT POSITION	TRANSFERS BETWEEN RESERVES	TOTAL MOVEMENT ON RESERVES	FORECAST CLOSING BALANCE AT 31/03/25
		£'000	£'000	£'000	£'000	£'000	£'000
Cash Limit Reserves							
Adult and Health Services		-5,833	658	-1,374	2,183	1,467	-4,366
Chief Executive's Office		-864	288	-654	-477	-843	-1,707
Children and Young People's Services		0					0
Neighbourhoods and Climate Change		-570	343	415	-343	415	-155
Regeneration, Economy and Growth		-1,462		645		645	-817
Resources		-1,135	-2,091	1,108	73	-910	-2,045
Total Cash Limit Reserves		**-9,864**	**-802**	**140**	**1,436**	**774**	**-9,090**
Total Council Reserves		**-176,307**	**22,908**	**-10,020**	**0**	**12,888**	**-163,419**

Schools' Balances							
Schools' Revenue Balance *	CYPS	-27,231	4,562			4,562	-22,669
DSG Reserve	CYPS	0					0
Total Schools and DSG Reserves		**-27,231**	**4,562**	**0**	**0**	**4,562**	**-22,669**

Total Earmarked Reserves		**-203,538**	**27,470**	**-10,020**	**0**	**17,450**	**-186,088**

** Academy transfers: the Schools' Revenue Balance in-year movement includes an adjustment of £1.667 million of surplus balances to be transferred to the new trusts*

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Cabinet

4 December 2024

Social Housing Allocations Policy Review – Consultation on Key Issues

Report of Corporate Management Team

Amy Harhoff, Corporate Director for Regeneration, Economy, and Growth

Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investment, and Assets

Electoral divisions affected:

Countywide.

Purpose of the Report

1. The purpose of this report is to set out why a review of the council's social housing allocations policy is needed and to:

   (a) outline the key issues and consultation questions that are set out in the allocations policy review issues paper as detailed at Appendix 2;

   (b) outline the two-stage approach to public consultation and seek Cabinet's approval to commence an eight-week consultation on the first stage to commence in January 2025; and

   (c) note the requirement for Cabinet approval for the draft policy prior to the second stage of the consultation with adoption of an allocations policy via delegated powers following the second round of consultation.

Executive Summary

2. In accordance with the Housing Act 1996, housing authorities must have a social housing allocations scheme regardless of whether they own housing stock. The allocations policy sets out the council's eligibility, qualifying, and housing need criteria to ensure priority is fairly assigned and allocated to households in the greatest need. It also sets out how

decisions are made on how social housing is allocated and how the council assess applications to the housing register.

3. In County Durham, a choice based allocations scheme is in operation to allocate social housing to people on the housing register, as part of the Durham Key Options (DKO) partnership. The DKO Partnership is made up of Durham County Council and its four key housing partners. The wider partnership is also used to advertise and allocate other types of housing including low-cost home ownership and those in the private rented sector however this consultation is relevant only to how social housing is allocated via the allocations policy.

4. This housing allocation process must be clear, fair, and consistent, and prioritise applicants that are in the greatest need. Considering the current housing crisis and considerable sustained pressure on the supply of social housing, the DKO Partnership, which comprises of Durham County Council and its housing provider partners, believes that the allocations policy requires a comprehensive review and it’s the council’s responsibility to lead on this review.

5. The proposed vision for the final allocations policy is to:

   (a) ensure that social housing across the county is allocated consistently and fairly to those in the greatest housing need in an open and transparent way.

6. The objectives of the allocations policy review are as follows:

   (a) work collaboratively and transparently with DKO partners and other stakeholders, including residents and users of the allocations scheme, to develop a joint allocations policy;

   (b) ensure that the policy complies with current legislative and regulatory expectations and considers the Code of Guidance issued by central government;

   (c) ensure that housing is allocated to those most in need;

   (d) help prevent homelessness and offer a realistic choice to those with a housing need; and

   (e) contribute to creating balanced and sustainable communities.

7. The outcome of the allocations policy review is that:

   (a) people in housing need will have access to social housing of the right type and in the right place to meet their needs.

8. The purpose of this first consultation document is to understand the view of the public and key stakeholders on several key issues related to how the allocations scheme works. The council are seeking the views of:

   (a) registered provider partners;

   (b) other housing professionals;

   (c) members of the public; and

   (d) key stakeholders including current and former applicants on the housing register.

9. Consultation materials will be tailored according to the audience. In the consultation document, the council will be asking consultees if the vision, objectives, and outcomes for the review are correct and then asking a number of questions on six key issues that the partnership believes need addressing to achieve an up-to-date allocations policy.

10. The proposed six key issues to be consulted on are as follows:

   (a) qualification criteria to access the housing register;

   (b) better use of social housing stock;

   (c) local lettings policies;

   (d) priority of homelessness cases;

   (e) priority of medical and domestic abuse cases; and

   (f) monitoring and service standards.

11. A summary of each key issue and the questions that will be asked is contained within the main body of this report.

12. In summary, the allocations policy review gives the council and its partners an opportunity to consult on, and then later agree formally, to a new housing allocations policy that responds to the current housing crisis and policy changes at a local and national level.

Recommendations

13. Cabinet is recommended to:

   (a) note the content of this report and the allocations policy review issues paper detailed at Appendix 2;

(b) approve an eight-week public consultation between 15 January 2025 and 12 March 2025 on the allocations review issues paper as detailed at Appendix 2; and

(c) note the requirement for Cabinet approval for the draft policy prior to the second stage of the consultation with adoption of an allocations policy via delegated powers following the second round of consultation.

Background

14. In County Durham, an allocations policy is in operation to allocate social housing to people on the housing register. The allocations policy, which is sometimes referred to as the ‘DKO Policy,’ is a shared set of rules on how properties are advertised and allocated. Much has changed since the allocations policy was last reviewed and adopted by the council in 2017.

15. The housing register in County Durham has increased from 7,686 active applicants in 2020 to 10,999 in 2024, a rise of approximately 30%. This is thought to be, in part, due to the cost-of-living crisis. As tenancies and communities have become more sustainable, the number of lets (or turnover of social housing) has significantly decreased in recent years, meaning longer waiting times for those on the register. Prior to Covid, the numbers on the waiting list were higher. The register had approximately 10,000 applicants in 2017 and as many as 17,500 in 2011; however, pre Covid, there was a much higher number of lets and turnover of stock so waiting times for housing were shorter.

16. Properties are currently allocated in order of band and priority date. For example, when properties are advertised, applicants within Band 1 are considered first, then Bands 2, 3 and 4. If two or more eligible applicants with the same band (e.g. Band 1) bid for a property, the applicant with the earliest date has priority. National legislation gives housing authorities the power to create an allocation scheme that gives higher priority to groups of people who fall within the statutory reasonable preference categories and who have urgent housing needs. The council’s allocations policy allows the council to give additional priority to:

    (a) applicants who are severely overcrowded;

    (b) those with urgent medical needs;

    (c) those fleeing domestic abuse; and

    (d) those with a connection to the armed forces.

17. The banding system is ready for a review. In 2023/24, 88% of all lets went to those in Band 1 and Band 2 as more people are presenting with complex needs.

18. The DKO Partnership, which comprises the council and its housing provider partners, believes that due to the current housing crisis and considerable sustained pressure on supply of social rented housing stock, the allocations policy needs to be comprehensively reviewed . This review is also an opportunity to consider whether the DKO

Partnership makes best use of available social housing stock given the considerable and sustained rise in demand since 2020.

Housing Crisis

19. The combination of ageing housing stock in the United Kingdom in need of regeneration and a lack of supply of new houses, including affordable houses, has resulted in a long-term increase in house prices, as well as increasing rents in the private rented sector. This means that owning a property is beyond the reach of many in the United Kingdom and private rented accommodation is becoming increasingly expensive for households as demand increases.

20. Since Covid, the council have seen the waiting list in County Durham increase by approximately 30% and waiting times for social houses have also grown significantly with a reduced number of lets available. The allocations policy needs to reflect the changes in the wider market and the fact that people are presenting with more complex needs and Registered Providers (RPs) are struggling to meet demand for properties.

National and Local Policy and Legislative Response

21. To deal with the housing crisis, both the previous and current Government have made and are in the process of, making some key legislative changes. These include:

    (a) National Planning Policy Framework (NPPF): the Labour Government is now proposing the re-introduction of mandatory housing targets for individual local authorities, and this has the potential to significantly increase the housing targets in County Durham by 69%; it has also promised there will be much greater emphasis on affordable housing being truly affordable with more social rent products;

    (b) Social Housing Act 2023: this is being delivered through strengthened consumer regulation via the Regulator of Social Housing. Important for this review of the allocations policy is that under the regulations housing providers should demonstrate that allocations are fair, equitable, and meet local housing needs as required; and

    (c) housing strategy and the homelessness and rough sleeping strategy: at a county level, both the draft housing strategy and the homelessness and rough sleeping strategy include a review of the allocations policy as a key action; among other things, the draft housing strategy seeks to address the lack of affordable housing being delivered in the county and the housing strategy refers to the County Durham Plan target of 836 new affordable houses per year to meet need; however, notes that for several years, developers in the county have only managed to deliver approximately half of this need, and has failed to achieve the target of 836 in any of the last 10 years. The council have also had due regard to the Tenancy Strategy 2022-27 which sets out the council's expectations to the registered providers of social housing operating within the county.

22. The homelessness and rough sleeping strategy sets out the authority's vision to eradicate homelessness and rough sleeping. The number of people presenting as being homeless with complex needs has increased significantly. There are increasing pressures in utilising temporary accommodation (TA) due to the lack of council owned stock. This has been exacerbated by the number of people requiring TA in recent years with approximately 145 new households needing placement every quarter in 2023/24. This has resulted in increased costs to the council. The allocations policy review will consider whether the current banding structure provides the appropriate level of priority for homeless applicants.

Durham Key Options Partnership

23. There is an active partnership between housing RPs and the council, and this partnership was established in 2009. The DKO Partnership is governed by a DKO Board that has its own, legally sealed, partnership agreement that sets out Board membership and voting rights.

24. A full partnership agreement is in place with:

    (a) Durham County Council;

    (b) Believe Housing;

    (c) Karbon Homes;

    (d) Livin; and

    (e) North Star Housing.

25. The partnership of these five organisations enables a consistent policy and procedural approach to be followed by all registered housing providers and the council when receiving nominations and allocating housing. As part of the partnership, the housing RPs let 100% of their housing stock in County Durham via the allocations policy.

26. In addition to the formal full partnership, a further 15 RPs are signed up to a nomination agreement which assists the council in addressing housing need. This agreement requires the signatories (sub-partners) to nominate at least 50% of their empty properties to be let to applicants from the housing register. The sub-partners are:

(a) Accent Group;

(b) Anchor Hanover;

(c) Bernicia Homes;

(d) Castle and Coasts Housing;

(e) Durham Action on Single Housing;

(f) Durham Aged Miners Homes;

(g) Gentoo;

(h) Hellens Residential;

(i) Home Group;

(j) Housing 21;

(k) Johnnie Johnson;

(l) Places for People;

(m) Railway Housing Association;

(n) Riverside North-East; and

(o) Thirteen Group.

27. In terms of the governance of DKO, the sub-partners do not sit on the DKO Board but have a say on procedural issues as members of the DKO steering groups. The steering groups meets regularly to update procedures and working practices related to housing register applications.

28. The council estimates that around 92% (43,000 properties) of available social housing is advertised and allocated via the council's allocations policy.

Consultation on Allocations Policy Issues Paper

29. The first stage in creating a new allocations policy is to understand the key issues relating to allocating social housing and how the council, RPs, and stakeholders, use the policy in County Durham. The key issues paper, as detailed at Appendix 2, has been written by the council following discussions with the RPs on the DKO Board. The project initiation document (PID) was agreed with the RPs on the Board in advance of the council starting work on the key issues paper.

30. The consultation paper on the six key issues is a technical document with questions which go into specific detail regarding housing terminology and how applicants with housing needs can be prioritised. This paper is aimed primarily at engaging with both the council's four full partners and 15 sub-partners. To successfully engage with residents, residents' groups, and other stakeholders, the council has developed a consultation plan and a more accessible (plain English version) document and public survey in conjunction with our consultation team and this will be available in time for live consultation. The Equalities Impact Assessment screening will guide us in identifying groups and partnerships which we should particularly contact to raise awareness of the opportunity to take part.

31. In terms of communicating the consultation, it is proposed to contact those on the housing register to let them know of the consultation and the policy changes which are being considered. It is then up to them whether they respond, but we will be able to demonstrate that we have let them know about the proposals. Current tenants be made aware via RPs websites and comms mechanisms including via tenants' panels and groups. We will also contact our partners and Elected Members. The consultation will also be promoted on the DKO website, and via a variety of social media channels.

32. A second consultation will take place later in autumn 2025 where the council will consider key findings from this consultation paper and provide a revised allocations policy for consideration by stakeholders and the public. Cabinet will approve the final allocations policy, reflecting democratic accountability on the way in which social housing in County Durham is allocated.

Policy Review - Vision, Objectives and Outcome

33. The vision for the final allocations policy is that ensures that social housing across the county is allocated consistently and fairly to those in the greatest housing need in an open and transparent way.

34. The objectives of the DKO allocations policy review are as follows:

(a) work collaboratively and transparently with DKO partners and other stakeholders to develop a joint allocations policy;

(b) ensure that the policy complies with current legislative and regulatory expectations and considers the Allocations Guidance issued by central Government;

(c) ensure that housing is allocated to those most in need;

(d) help prevent homelessness and offer a realistic choice to those with a housing need;

(e) contribute to creating balanced and sustainable communities; and

(f) provide a clear mechanism to ensure that the council can be satisfied that the policy is applied fairly and consistently.

35. The output of the objectives is to have an up-to-date joint allocations policy that responds to national and local policy and helps to address the housing crisis. The outcome will mean that more people in housing need will have access to social housing of the right type and in the right place to meet their needs.

36. The first question of the public consultation for both the technical consultation document and the public facing summary is a question asking whether the vision, objectives and outcome are the correct ones.

Key Issues for Consultation

37. For the consultation, the council have broadly split the consultation into the following six key issues:

(a) qualification criteria to access the housing register;

(b) better use of social housing stock;

(c) local letting policies (LLPs);

(d) priority of homelessness cases;

(e) priority of medical and domestic abuse cases, and

(f) monitoring and service standards.

Key Issue A: Qualification Criteria to Access the Housing Register

38. With reference to the qualification criteria to access the housing register, the council will ask four questions relating to this key issue.

39. The first question considers whether only people with a recent connection to County Durham should qualify to join the register. The current policy contains a preference to those applicants with a local North East connection at the point when properties are being offered; however, there is no geographical limit within the United Kingdom to people qualifying to join the housing register.

40. The second question considers whether people who do not have a housing need should be allowed to join the housing register in the county. Since Covid the number of properties being allocated to people without a housing need (now in Band 4) has significantly reduced and the partnership is now considering whether it is necessary, in a time of housing crisis, to have people on the register with no housing need. Band 4 has the largest number of people active within it, with 5,477 on the register in 2023/24 and the band accounts for 47% of the register but only 9% of the lets. There were 289 Band 4 lets in 23/24. This is more than double the number of people in TA. These Band 4 lets were allocations for low demand properties, usually located in low demand areas in the East of the county but also 10% were in our more rural communities in the west. 29% of the Band 4 lets were for flats which are also usually in less demand. The council are proposing that any voids created from removing those with no housing need could be better used helping those in genuine housing need to get re-housed. For example, these properties could go to those in current Bands 1-3 or these homes could be better used to house individuals who are in urgent homelessness situations.

41. The third question in this section relates to whether a review of unacceptable behaviour is required and what ‘type’ of unacceptable behaviour should result in an applicant being excluded from the housing register. Nine types of behaviour are set out and the consultees are asked to select their top five unacceptable behaviours that should result in disqualification from the housing register. This will help the council and its allocation partners understand where an applicant should be disqualified from accessing the register.

42. Under the Localism Act 2011, local authorities and social housing providers have some discretion to exclude people from the register on the grounds of “unacceptable behaviour”. Excluding people because of tenancy related matters (i.e. non-payment of rent, damage to property and a history of causing neighbour disputes) is relatively objective and straight forward to assess; however, excluding people for past criminal behaviour is more subjective. When determining how the policy should be framed, it should be recognised that excluding people for non-housing related criminal activity does not mean that they will not end up living in a specific area. People excluded for criminal behaviour may end up living

with friends or family, privately renting a property directly next door to a social housing property or living on the streets. This can make it harder for them to be rehabilitated whilst making it harder for the justice system to monitor their progress and whereabouts and housing providers to respond to complaints from their tenants. Conversely being allowed access to housing can improve people's life chances and help them integrate fully into the community whilst enabling the Police, Probation Service, housing providers and the council to better monitor and support them.

43. Recognising the sensitivity of the question, responders will be given the opportunity to make other comments in a comments box underneath their choices.

44. The final question in this section addresses the issue of an applicant's financial resource when they join the housing register. In the context of the housing crisis and a lack of affordable housing, the council are asking if people who have an income, savings, and equity over a certain amount, should be permitted to qualify for the housing register. In this first consultation, the council are asking about the principle of this, as opposed to specifying a cash threshold.

Key Issue B: Better Use of Social Housing Stock

45. This acknowledges there is a severe shortage of four-bedroom properties and a low turnover of three-bedroom properties when compared with demand. There are two questions in this section. The first question asks what incentives can or should be given to tenants to downsize their current property. The second question asks whether a single person, or a couple, should be entitled to a three-bedroom property when they are waiting to be re-housed. This is allowed within the current allocations policy.

Key Issue C: Local Letting Policies

46. There is one question on LLPs. There are currently 26 active LLPs within County Durham, all of which, deal specifically with new build housing and are sometimes the result of a S106 planning agreements. LLPs introduce additional specific criteria for letting property in a defined area and effectively replace the main allocations policy on the basis that there are important local issues that must be addressed when allocating housing. The national 'Allocation of accommodation: guidance for local housing authorities in England' gives local authorities permission to use LLPs as a local tool to allocate housing to those outside reasonable

preference groups. LLPs are therefore a policy that allows local ‘issues’ and ‘people’ to take precedence over the countywide allocations policy The question in this section asks what local issues are important enough to override the countywide allocations policy.

Key Issue D: Priority of Homelessness Cases

47. The next issue relates to homelessness cases and the first question in this section asks if people who are at risk of becoming homeless (at the prevention stage of a homeless application) should be awarded a higher priority for housing than people who are already homeless (at a relief or statutory stage of homeless application), in order to prioritise homelessness prevention.

48. The second question asks if those applicants living in TA should be awarded the highest priority for housing. This would include all applicants at both a relief and statutory duty stage of their homeless application. It would build on a successful pilot where those in TA were automatically awarded the highest priority grouping on the register.

Key Issue E: Priority of Medical and Domestic Abuse Cases

49. There are two questions in this key issue. They are both related to how in a future allocations policy, the correct priority is given to those who have issues related to medical need and domestic abuse. Presently, all those applicants on the register assessed with non-urgent medical needs or with any type of welfare need, including those victims of domestic abuse, are currently all banded together; therefore, the band currently hosting these applicants (Band 2) contains 75% of the total active applicants on the register who have an identified housing need. Most of this banding, 3,000 people, are in this band for medical or welfare reasons. This section asks questions on how it may be possible to prioritise those with higher medical and welfare needs over those with more moderate medical or welfare needs.

50. We are asking whether any medical category should need to be backed up with appropriate medical assessment and validated by a medical professional.

51. The council are also seeking feedback from all stakeholders if applicants with medical needs should be split into three separate categories; for example:

    (a) severe;

    (b) substantial; and

(c) moderate medical need.

52. Secondly, the council are asking whether those people who are current victims of domestic abuse should have their own banding category which prioritises their housing need over other applicants in the general welfare banding. Other welfare reasons could include the need to be near family or friends to give or receive support or people who need to receive or give care and an urgent move is required from their home. It is the council's position that those who are current victims of domestic abuse should be given additional priority over other people in the welfare category.

Key Issue F: Monitoring and Service Standards

53. The council will be asking the public what their impressions and experiences of using the DKO social housing application process is like.

54. There are wide ranging questions within the full consultation document that will be targeted at RPs and housing professionals. This full consultation document on the key issues is detailed at Appendix 2. In time for the public consultation, members of the public will be given a plain English summary of the key issues paper and an easily accessible survey with non-technical questions. The council will replicate the questions across the technical version, the plain English-speaking version, and the online survey to help staff assimilate all consultation responses.

Conclusion and Next Steps

55. Following the eight-week consultation starting in January 2025, the next steps are to consider and, where appropriate, incorporate feedback into an amended allocations policy. Once the feedback has been analysed and considered, there will be a requirement for the new full draft policy to be taken back to cabinet and then subject to another round of public consultation.

56. Having produced this allocations policy consultation issues document, the council now want to open the allocations policy to consultation with:

(a) RPs;

(b) the public; and

(c) a wider group of stakeholders including residents' groups, elected council members and Town and Parish Councils.

Background papers

Existing DKO Allocations Policy.

Allocation of accommodation: Guidance for local housing authorities in England.

Other useful documents

None.

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Appendix 1: Implications

Legal Implications

Local authorities must ensure that they meet the legal requirements of the Housing Act 1996 (as amended by the Homelessness Act 2002), the Localism Act 2011 and the Homelessness Reduction Act 2017. The policy must also have regard to any additional statutory guidance where appropriate.

Section 166A (3) of the Housing Act 1996 gives housing authorities the power to create an allocation scheme that gives higher priority to groups of people who fall within the statutory reasonable preference categories and who have urgent housing needs. The allocations policy allows the council to give higher priority to applicants who are severely overcrowded (overcrowded by two bedrooms) and applicants who need to move for urgent medical reasons. The council give an even higher priority to applicants in these two groups if they have a prescribed connection to the armed forces as set out in the current policy.

The DKO partnership is governed by a DKO Board that has its own legal partnership agreement that sets out Board membership and voting rights.

The Armed Forces Covenant Duty places a legal obligation on public bodies to pay 'due regard to the principles of the Covenant' and requires decisions about the development and delivery of certain services to be made with conscious consideration of the needs of the Armed Forces community.

Finance

The cost of undertaking the consultation will be met by existing budgets in the Strategy and Delivery Team.

Consultation and Engagement

A consultation plan has been drafted. The consultation plan outlines the two-stage approach to consultation and tailors the consultations materials so that it is appropriate for both technical (housing professionals) and non-technical audiences (public, social prescribers, resident groups).

The purpose of the first stage of consultation is to understand the view of the RPs, other housing professionals as well as members of the public and key stakeholders. The consultation will be tailored so consultees will be asked on the proposed vision and objectives of the DKO Allocations policy review, and the six key issues related to how the allocations scheme works.

There will be a technical paper (appendix 2) for RPs and jargon free public summary document that will be developed in time for public consultation that will be used to consult with the general public, residents groups and other non-housing professionals. This jargon free document will also be used as the basis of the online survey.

As agreed with partners, the questions related to six key issues have been written to avoid pre-determining the outcome of the consultation.

Equality and Diversity / Public Sector Equality Duty

The council acknowledges that, in exercising its functions, it has a legal duty under the Equality Act 2010 to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations. This duty applies to all people defined as having protected characteristics under that legislation. An equality impact assessment (EQIA) is being drafted and a screening has been prepared for Cabinet. A full draft of the EQIA will be ready in time for the second stage of the consultation when a full draft allocations policy will be consulted upon.

The current allocations policy allows the council to give higher priority to applicants who are severely overcrowded (overcrowded by two bedrooms) and applicants who need to move for urgent medical reasons. The council give an even higher priority to applicants in these two groups if they have a prescribed connection to the armed forces as set out in the current policy.

Climate Change

None.

Human Rights

None.

Crime and Disorder

The first question on disqualification asks whether the definition of unacceptable behaviour in the current DKO allocations policy is correct. Unacceptable behaviour is currently defined as:

(a) they have been convicted of a drug related offence*;

(b) they have been convicted of a violent criminal offence that the council consider makes them a threat to the local community;

(c) they have been convicted of a sex-related offence that the council consider makes them a threat to the local community*;

(d) they have any other conviction which, in the council's opinion, makes them a threat to the local community*;

(e) they have perpetrated violence, domestic violence, racial violence, or harassment;

(f) they have been abusive to, attacked or threatened staff;

(g) they have a history of anti-social behaviour or are subject to an anti-social behaviour order;

(h) they have a record of unacceptable rent/mortgage arrears to local councils or other landlords/lenders (including associated court costs);

(i) they have a record of unacceptable garage rent arrears owed to the full partner landlords of DKO (Believe housing, Karbon Homes, Livin and North Star);

(j) they have been evicted on any of the grounds in Schedule 2 to the Housing Act 1985 or any statutory amendment or re-enactment of it;

(k) they have unsatisfactory tenancy reports;

(l) they have damaged a current or previous rented home and owe money for 'rechargeable repairs;' and

(m) they have knowingly given a false statement or given false information when applying to join our housing register.

** Spent convictions are not considered during our assessment.*

Staffing

There is a resource implication in undertaking the consultation; however, this will be met within the strategy and delivery team.

Accommodation

None.

Risk

The risks pertaining to this DKO allocations policy review are all set out within the PID. The PID was co-produced with the RPs who are part of the DKO Partnership.

Procurement

None.

Appendix 2: Social Housing Allocations Policy Review – Key Issues Paper

Please refer to the attached Social Housing Allocations Policy Review - Key Issues paper.

Appendix 3: EQIA Screening

Please refer to the attached EQIA Screening

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Social Housing Allocations Policy Review – Consultation on Key Issues

Introduction and Purpose of Consultation Document

In accordance with the Housing Act 1996, housing authorities must have a social housing allocations scheme, regardless of whether they own housing stock. This scheme determines how individuals and families are prioritised for social rented housing. This housing allocation process must be done in a fair, equitable, transparent and consistent way and prioritises applicants that are most in need.

In County Durham, a Choice Based Lettings scheme is in operation to allocate social housing to people on the housing register, as part of the Durham Key Options (DKO) partnership. The DKO Partnership is made up of Durham County Council and its four key housing partners. The wider partnership is also used to advertise and allocate other types of housing including low-cost home ownership and those in the private rented sector, however this consultation is relevant only to how social housing is allocated via the Allocations Policy.

The Allocations Policy was last reviewed in 2017, it is therefore timely to take account of the relevant changes across the housing sector including the current housing crisis and the considerable sustained pressure on the supply of social housing. There are also changes in National and Local Policy that need to be considered when allocating social housing. Durham County Council and its partners have agreed that the time is now right to comprehensively review the Durham Allocations Policy.

The purpose of this first consultation document is to understand the view of the public and key stakeholders on several key issues related to how the allocations scheme works. The first consultation will run from the 15 January and close on the 12 March 2025. This full consultation issues paper will contain some technical questions and will be appropriate for Registered Providers (RPs) and other housing professionals. There is also a shorter less technical summary paper for the public and a shorter consultation survey which will seek the views of the general public. The public version will cover the same issues and ask the same questions, only in Plain English.

A second consultation will take place later in 2025 where the key findings from this consultation on the Issues paper will be taken into consideration and a revised allocations policy aired for public consultation.

The final allocations policy will be approved by Durham County Council's Cabinet in accordance with our statutory duty to set an allocations scheme.

How is the Current Allocations Policy Managed?

The Allocations Policy and the local authority housing register is the statutory responsibility of the Council. In Durham there is an active partnership between registered housing providers and the County Council that was established in 2009 to implement and oversee the scheme. The partners are:

- Durham County Council
- Believe housing
- Karbon Homes
- Livin, and
- North Star Housing

The partnership enables a consistent policy and procedural approach when allocating properties. The Council estimates that around 92% (43,000 properties) of available social housing is advertised and allocated via the allocations policy.

As part of the partnership, the housing providers listed above let 100% of their housing stock in County Durham via Durham Key Options. As part of the scheme, partners are committed to a joint Allocations Policy. The policy covers all partners when allocating properties within the County boundary. Any other policy that partners may have is only used by them outside County Durham. All of the partners own stock outside of County Durham and a couple of the RPs have separate lettings policies for stock outside of the boundary of the County.

In addition to the formal partnership a further 15 registered providers (RPs) are signatories to a nomination agreement which assist the Council in addressing housing need. This agreement requires the signatories (sub-partners) to nominate at least 50% of their empty properties to be let to applicants from the housing register. The sub-partners are:

- Accent Group

- Anchor Hanover
- Bernicia Homes
- Castles and Coasts Housing
- DASH – Durham Action on Single Housing
- DAMHA – Durham Aged Miners Housing Association
- Gentoo
- Hellens Residential
- Home Group
- Housing 21
- Johnnie Johnson Housing
- Places for People
- Railway Housing Association
- Riverside North-East
- Thirteen Group

The sub-partners request nominations via Durham County Council's allocations team. The nominating provider will then allocate from the shortlist of applicants and then rehouse. The nomination agreement with the sub-partners is monitored monthly by Durham County Council to check compliance.

The total stock of houses that would fall solely under the allocations policy from the main four partners in County Durham is approximately 39,500 houses. The sub-partners have in addition approximately 7,000 properties, of which at least 50% are allocated via the allocations policy.

Why are we reviewing the Social Housing Allocation Policy?

There are several reasons why the Allocations Policy requires a revision. Some of the key reasons for review are as follows:

- Help address the Housing Crisis
- Changing National Policy and Legislative Context
- Changing Local Policy Context
- Current Policy is Outdated

Help address the Housing Crisis

The combination of ageing housing stock in the UK in need of regeneration and a lack of supply of new houses, including affordable houses, has resulted in a long-term increase in house prices, as well as increasing rents in the private rented sector. This means that owning a property is beyond the reach of many in the UK and private rented accommodation is becoming increasingly expensive for households as demand increases. When people are unable to access suitable housing, it can result in overcrowding as more young adults are living with their parents and unable to afford their own property for starting a family.

Since Covid, we have seen the waiting list in County Durham increase by around 30%. Waiting times for social houses have also grown as the cost of rent and properties in the private sector increases. The allocations policy needs to reflect the changes in the wider market and the fact that RPs are no longer struggling with demand for properties. There are very few difficult to let houses and the number of bids on each property is increasing year on year. The number of houses going to individuals with no housing assessed need (in Band 4) is reducing year on year, showing greater demand from those in housing need. During 2020/21 608 properties went to people in Band 4 (19% of the total lets), which reduced to 289 properties going to people in Band 4 during 2023/24 (9% of the total lets).

Changing National Policy and Legislative Context

The National Housing Federation estimates that around 340,000 new houses need to be supplied in England each year, of which 145,000 should be affordable. The Government have set a national target for 1.5 million new homes to be built over the next five years to tackle the acute shortage of housing across the country. Relevant policy and legislation are summarised below.

- **National Planning Policy Framework (NPPF)** - The Labour Government are now proposing the re-introduction of mandatory housing targets for individual Local Authorities as part of their National Planning Policy Framework (NPPF) reforms. Nationally, this has a target of 1.5 million more homes by the end of the parliament and has the potentially to significantly increase the housing targets in County Durham. They have also promised there will be much greater emphasis on affordable housing being truly affordable with more social rent products, as opposed to First Homes, Starter Homes or shared ownership products.
- **Social Housing Act 2023** - aimed at improving the regulation of social housing, strengthening tenants' rights, and ensuring better quality and safer homes for residents. This is being delivered through strengthened Consumer Regulation via the Regulator of Social Housing.
- **Renters Rights Bill** - The Renters' Rights Bill is a proposed bill in the UK Parliament that aims to improve the rights of renters by making it safer, more secure, and more affordable to rent. Some areas of consideration include abolishment of no-fault evictions, limits to rent increases, creation of an ombudsman service and strengthened enforcement powers.
- **Homes England Strategic Plan 2023-2028 -** The strategy sets out how Homes England will play its part in delivering the previous government's levelling up and housing agendas. Its mission was to "drive regeneration and housing delivery to create high-quality houses and thriving places. The strategy has five interconnected objectives to deliver on the mission: create vibrant and successful places, build a housing and regeneration sector that works for

everyone, enable sustainable houses and places, promote creation of high-quality houses in well-designed places, facilitate the creation of homes people need.

- **The Armed Forces Covenant** is a promise by the nation that the armed forces community should be treated fairly and face no disadvantage when accessing public and commercial services. In our current allocations policy, those applicants who have a connection to the armed forces are awarded a band 2 priority on receipt of their discharge papers. Additional priority is awarded to those applicants leaving the armed forces if they have an urgent medical need and or they are overcrowded by 2 or more bedrooms and awarded Band 2 and a 6-month backdate. The Armed Forces Covenant as a legal responsibility.

Changing Local Policy Context

Durham County Council has strategies in place to improve the quality of the housing stock generally and work proactively with RPs to reduce the waiting list and the numbers of people who are Homeless and in Temporary Accommodation.

The County Durham Homelessness and Rough Sleeping Strategy has recently been adopted by Full Council and the County Durham Housing Strategy is expected to be approved in early 2025. Both strategies highlight the need for a review of the allocations policy to ensure it meets current housing need and demand as well as ensuring it complies with current legislation. The Council also updated its Tenancy Strategy in 2022 out the Council's expectations to the registered providers of social housing operating within the County regarding the types of tenancy they should offer to their tenants.

- **The Housing Strategy** sets out a key principle that everyone should have access to a home that is affordable to them. By ensuring that there is a sufficient supply of all types of housing we can help prevent homelessness and reduce reliance on temporary accommodation. One of the key actions for the Council is to begin its own Council house building programme which will deliver at least 500 new build properties over the next five years and beyond.

- **The Homelessness and Rough Sleeping Strategy** sets out Durham County Council's vision to eradicate homelessness and rough sleeping. The number of people presenting as being homeless with complex needs has increased significantly.

  There are increasing pressures in utilising temporary accommodation due to the lack of Council owned stock. This has been exacerbated by the number of people requiring Temporary Accommodation (TA) increasing with around 145 new households needing placement in TA every quarter in 2023/24 resulting in increased costs to the Council. The allocations policy review will consider whether the current banding structure provides the appropriate level of priority for homeless applicants.

  Recent increases in interest rates are having an impact on landlords, forcing them to sell properties or increase their rents, which is resulting in people being evicted or making the sector less affordable for those on lower incomes. This has resulted in an increase in the number of people who have been unable to remain in their existing home which has resulted in them becoming homeless. Around 30% of homeless applicants have stated their reason for homelessness is because their private tenancy is ending or has ended.

- **The Tenancy Strategy 2022-27** sets out the Council's expectations to the registered providers of social housing operating within the County. The Strategy sets out a commitment to provide a range of tenancies to meet all housing needs, providing security of tenure and a safety net for those facing financial difficulties. It also seeks to tackle under occupancy by giving people the opportunity to move to smaller accommodation and where appropriate, supporting the adaptation of homes so people can remain in existing homes.

Current Allocations Policy is Outdated

Much has changed since the existing joint allocations policy was reviewed and adopted in 2017 following a full public consultation exercise. Since then, there has been several incremental reviews which have reacted to issues the DKO Board have identified. For example, a light touch review was carried out in 2022 with additional preference for those people with a connection to the Armed forces. There were then some minor changes relating to medical need and the appeals process, which were implemented in May 2023. These incremental changes add up, and in light of the changes outlined above, it is felt appropriate that Council Members are given the opportunity to consider draft proposals for a new Allocations Policy.

Customer expectations on service have grown in the information age where data can be assessed in real time online. Part of this review will seek to improve the quality of the application experience by ensuring expectations are effectively managed, processes are streamlined and responsive to the diverse needs of applicants, and process efficiencies leveraged to speed up administration. A clear and transparent policy is one way to make sure the policy responds to the needs of customer expectations.

The review gives the Council the opportunity to work with its partners to agree formally to a new housing allocations system that responds to the current Housing Crisis and to comprehensive policy changes as Local and National Government's responds to the Housing Crisis. There is an opportunity to comment on the current bands in the allocations policy and the banding reasons in the consultation document.

The housing register in County Durham has increased from 7,686 in 2020 to around 10,600 in 2024, a rise of over 38%. This review is a tool to further demonstrate that the Partnership makes best use of available social housing stock given the considerable and sustained rise in demand since 2020.

Key Definitions when Framing Allocations Policies

Before we ask questions around the key issues, we will need to explain some key definitions that are used to frame housing allocations policies.

Definition of Housing Need

Housing need is a particularly relevant term in a housing allocation policy. Prioritising properties for those most in housing need is a fundamental requirement of an allocations policy and is a key objective of this review. It's important to understand the difference between housing need and housing demand.

Housing demand often refers to an individual's wants or aspirations and is usually limited (or not) by an individual’s ability to afford a property. Housing need is based on the premise that everyone requires a suitable home to live in regardless of how much money they have. An individuals need may vary depending on several factors including location, affordability, property condition and suitability, health, and welfare.

Definition of Reasonable Preference

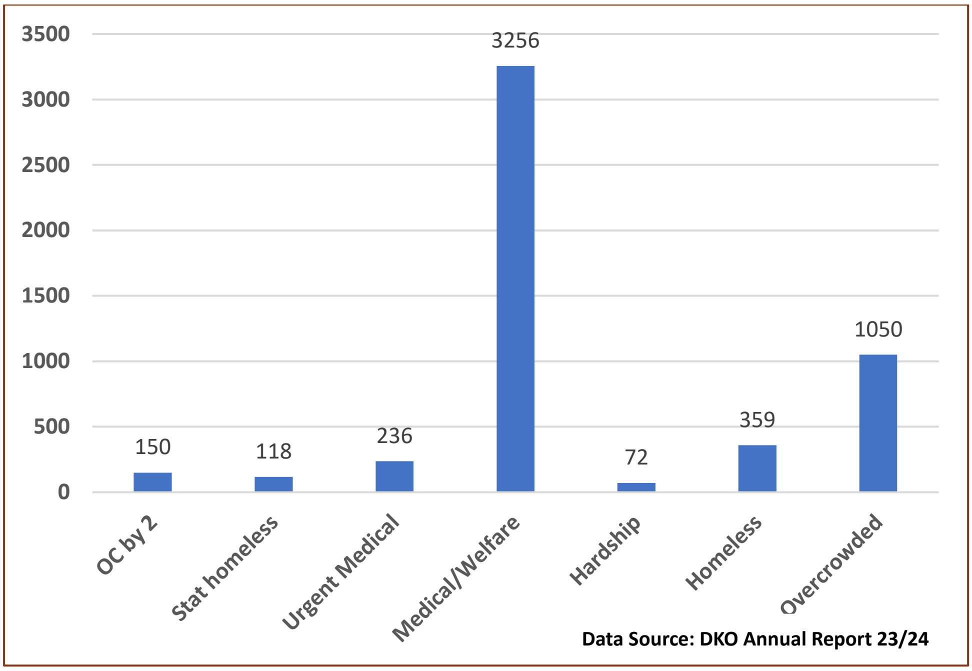
In framing the allocation policy to determine allocation priorities, National legislation via the Housing Act 1996, and the ‘allocation of accommodation, guidance for local authorities’ states that housing authorities must ensure that ‘reasonable preference’ is given to people in housing need:

- People that are homeless or threatened with homelessness,
- People living in overcrowded or unsanitary conditions,
- People who need to move on medical or welfare grounds,
- People who need to move to avoid hardship.

At the time of the last annual DKO report (April 2024), there were 10,879 active applicants, of which 5,241 (44%) were in a reasonable preference group, as listed above.

Graph 1 shows the numbers of applicants in each of the reasonable preference groups, the majority of people have a medical or welfare housing need. These people in reasonable preference are usually placed into the top two bands of applicants requiring re-housing.

Graph 1: Reasonable Preference Groups

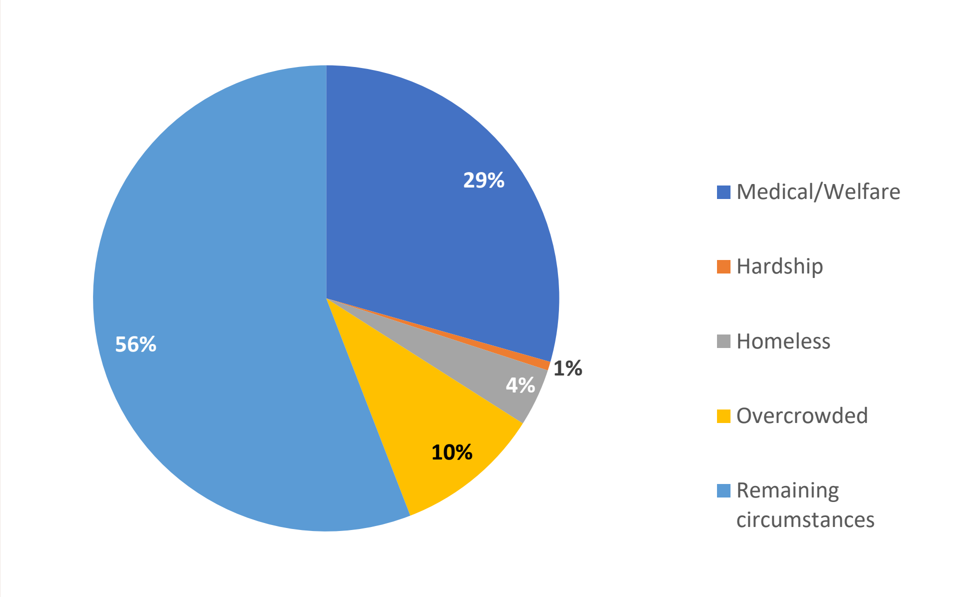


*OC by 2 is where an applicant is overcrowded by 2 additional bedrooms

Graph 2 shows the breakdown of the total active applicants by reasonable preference group and those who don't fall within a reasonable preference group. The breakdown for total of 'Remaining Circumstances' include those applicants that fall within the following categories:

- care leavers,
- living in intensive supported housing,
- regeneration schemes,
- leaving the armed forces and do not fall within homelessness legislation with an additional preference,
- those wishing to live independently with no other housing need,
- adequately housed and have no housing need.

Graph 2: Reasonable preference groups compared to the total housing Register



Additional Preference

Section 166A (3) of the Housing Act 1996 gives housing authorities the power to create an allocation scheme that gives higher priority to particular kinds of people who fall within the statutory reasonable preference categories and who have urgent housing needs. Our allocations policy allows us to give higher priority to applicants who are severely overcrowded (overcrowded by 2 bedrooms) and applicants who need to move for urgent medical reasons. We give an even higher priority to applicants in these two groups if they have a prescribed connection to the armed forces as set out in the current policy.

Vision and Objectives of Allocations Policy Review

Vision

We want a policy that *“ensures that social housing across the county is allocated consistently and fairly to those in the greatest housing need in an open and transparent way”.*

Objectives

The draft objectives of the review and consultation is to:

1. Work collaboratively and transparently with DKO partners and other stakeholders to develop a joint allocations policy.
2. Ensure that the policy complies with current legislative and regulatory expectations and considers the Allocations Guidance issued by central government.
3. Ensure that housing is allocated to those most in need.
4. Help prevent homelessness and offer a realistic choice to those with a housing need.
5. Contribute to creating balanced and sustainable communities.
6. Provide a clear mechanism to ensure that the Council can be satisfied that the policy is applied fairly and consistently.

Outcome

The draft outcome of the review and consultation is to have an up-to-date joint allocations policy that responds to national and local policy and helps to address the housing crisis. The outcome will mean that “*people in housing need have access to social housing of the right type and in the right place to meet their needs*”.

Question 1 – Do you agree or disagree with the proposed vision, objectives and outcome?

- **Strongly agree / Agree / Neither agree or disagree / Disagree/ Strongly disagree**

Q1a - Why do you feel this way? Open text

Q1b - Do you feel there is anything missing from the proposed vision, objectives or outcome? Open text

Key Issues for Public Consultation

For the consultation, we have broadly split the consultation into six key Issues.

1. Housing register qualification criteria.
2. Better Use of Social Housing Stock.
3. Local Lettings Policies.
4. Priority of Homeless Cases.
5. Priority of Medical and Domestic Abuse Cases.
6. Monitoring and Service Standards.

Key Issue 1 – Housing register qualification criteria

Introducing a residency test for qualification?

The partnership wants to ensure that the housing register reflects the housing needs of residents and effectively manages applicant expectation. The register has grown by around 30% since 2020 while the time spent on the register waiting for appropriate housing in the County has grown for individuals and families across all preference bands.

The current allocations policy states that anyone over 16 who needs help to find affordable housing in County Durham can apply to join our register. If a resident is eligible, they can then 'qualify' to join the housing register providing their 'behaviour' is acceptable to the partnership.

The current policy contains a preference to those applicants with a local North East connection at the point when properties are being offered. However, there is no 'geographical limit' within the UK to people qualifying to join the housing register. These people won't be prioritised over people with a local connection, but they will qualify to join to the register.

The current allocations policy does include a 'local connection test' at the point a property is being shortlisted. This test gives priority or a higher priority to those people with a local connection, which is the wider North-East region with no more 'local' connection than that required. The 'local connection test' does not currently affect those people when they apply to join the register, but it may affect them when they are short listed for a property.

We are seeking views as to whether you think only people with a recent connection to County Durham should qualify to join the register here. By recent connection, we mean someone who has lived or worked in County Durham for at least 12 months or has been offered a permanent employment opportunity in the County. We would also consider applications from people whose circumstances mean they need support from family who live in the County.

A residency test to qualify for the register would not apply to those with exemptions, including those with reasonable preference, namely veterans, domestic abuse victims and care leavers.

Question 2 – Do you agree or disagree that only people with a recent connection to County Durham should qualify to join the register here? (with some exceptions such as those outlined above).

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q2a - Why do you feel this way? OPEN TEXT BOX

Q2b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Qualification with no Housing Need?

Houses are currently allocated based on a banded approach. There are 4 bands. Everyone in Bands 1-3 have some form of housing need. A description of all the bands is set out in key issue 4. Those in Band 4 are both 'eligible' and 'qualify' to join our housing register but at the time of applying for the register, they are adequately housed and have no 'housing need'. Band 4 has the largest number of people active within it, with 5,477 in 2023/24 at the end of the previous financial year.

The partnership is now considering whether it is necessary, in a time of housing crisis, to have people on the register with no housing need i.e. those currently in Band 4. The providers of social housing are telling us that they have very few voids and most of their lets are going primarily to people in the highest bands of need, i.e Band 1 and Band 2 of housing need.

In 2023/24, 88% of lets (from the full partners) were allocated to residents in Band 1 and 2. Band 3 only has 3% of total lets although there is only 749 people in this Band (8th October 2024). The percentage of lets to applicants going into Band 4 has decreased year on year since Covid. In the year 2020/21, 23% of lets were to people in Band 4 this reduced to 17% in 2021/22, 14% in 2022/23 and is now down to 9%. Therefore, band 4 accounts for about 47% of the housing register but only about 9% of the annual lets. Put another way, only 6% of applicants from Band 4 received a social rented property because of being on the register so 94% of residents in this Band are not being housed.

It should be noted that, even where applicants are accepted onto the Housing Register, there is no guarantee that an offer of accommodation will be made to those in the lower banding priorities. There were 289 Band 4 lets in 23/24. This is more than double the number of people in TA. These Band 4 lets were allocations for low demand properties, usually located in low demand areas in the East of the county but also 10% were in our more rural communities in the west. 29% of the Band 4 lets were for flats which are also usually in less demand.

The Council are suggesting that any voids created from removing Band 4 applicants would be better used helping those in bands 1-3 get re-housed or those homes would be better used to house individuals who are in urgent homelessness situations.

Question 3 - Do you agree or disagree that people who are already adequately housed should be allowed to join the housing register? (e.g. because they want to move to another property or location).

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q3a - Why do you feel this way? OPEN TEXT BOX

Q3b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Exclusion from Housing register

During 2023/24 19,452 applications were received, and a total of 1758 (9% of the total applications) were disqualified at the point of application. The current allocations policy states that everyone who is eligible for social housing will qualify to join the housing register except applicants (or households) who fall into the three categories below. The allocations policy excludes applicants that fall into one of the following categories:

1. People whose behaviour makes them unacceptable to us.

2. People we have previously removed from our register – if they refused or did not respond to 3 offers of any suitable property in any rolling 12-month period.
3. Tenants who have (a) signed up to a new tenancy in the last 12 months through DKO and (b) who we regard as adequately housed.

During 2023/24 1758 (9%) of applicants were disqualified from accessing the housing register, of which 97% were due to behaviour which is unacceptable as identified within category 1 above, as part of the allocations policy. As this is the main reason for disqualification, it is important to review what constitutes 'unacceptable behaviour' as part of this consultation.

People whose behaviour makes them unacceptable to us

Upon assessment, the applicant will not qualify to join the register if they or a member of their household who they live with has been guilty of unacceptable behaviour. The behaviour must be serious enough to make the person unsuitable to be offered housing. Until the applicant can demonstrate better behaviour, we will not consider another application from them if we have disqualified them from our register. It's important to the Council though that appropriate housing solutions are available to those with multiple complex needs and that past, non-tenancy related transgressions are not an automatic barrier to social housing.

Tenancy related behaviours such as damage to property, causing neighbourhood disputes or non-payment of rent are easy for us to assess, but non-housing related criminal activity is more subjective and difficult to manage. People with a history of criminal behaviour may still live in the area with family or friends, private renting or end up homeless.

Access to social housing, however, could improve someone's life chances and help them integrate fully into the community. It would also help the police, probation service, housing providers and the council to better monitor and support them.

With this in mind, we are reviewing what we mean by unacceptable behaviour, and we would like your thoughts on this.

Question 4 - Do you agree or disagree with the proposal to review what constitutes unacceptable behaviour?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q4a - Why do you feel this way? OPEN TEXT BOX

Q4b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Q4c – Which of the following statements do you think should be considered as unacceptable behaviour so someone is not able to join the housing register? (Please choose up to five)

(add digitised box for people to select top 5 choices)

- Convicted of a drug-related offence.
- Convicted of a violent criminal offence that we consider makes them a threat to the local community, including domestic abuse, racial violence or harassment
- Convicted of a sex-related offence that we consider makes them a threat to the local community.
- Been abusive to, attacked or threatened staff.
- Have a history of anti-social behaviour or are subject to an anti-social behaviour order.
- Have a record of unacceptable rent arrears (including garage arrears owed to DKO partners), or mortgage arrears.
- Have unsatisfactory tenancy reports.
- Have damaged a current or previous rented home and owe money for ‘rechargeable repairs.’
- Have knowingly given a false statement or given false information when applying to join our housing register.

*Spent convictions will not be taken into account during our assessment.

Q4d - Do you have any other comments to make in relation to disqualification from the housing register due to unacceptable behaviour? OPEN TEXT BOX

Financial Resources

It is evident that there is a shortfall between the supply and demand for social housing, with around 10,700 active applicants on the housing register and on average around 3,000 lets each year. It is therefore important to consider whether people who have the resources to buy or rent their own property on the open market without public subsidy should be allowed access to the housing register and ultimately social housing, thereby reducing the number of properties available for those people who cannot afford to buy or rent a property on the open market.

The current allocations policy allows anyone to access the housing register, regardless of their income, savings or equity. There are currently around 593 active applicants on the housing register with an income of £30,000 or more, making up around 6% of the total register.

Question 5 – Do you agree or disagree that income, savings or equity should be taken into account when assessing if someone should access the housing register?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q5a – Why do you feel this way? OPEN TEXT BOX

Q5b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Key Issue 2 – Better Use of Social Housing Stock

Under occupation arises where a household lives in a property that is deemed too large for its needs. Under occupancy is a problem in County Durham because there is a shortage of larger family homes accessible via the housing register. This is particularly the case for 4 bedroomed houses, with only 648 properties across the DKO partnership, accounting to 1.6% of the total housing stock. Although there are more three-bedroom properties, underoccupancy is also an issue too, where single people or a couple are under-occupying a three bedroomed property.

The annual turnover of these four bedroomed properties is very low, only 1% of all lets in 2023/24 were made to four-bedroom properties (18 properties). The current housing register has 223 active applicants who require a property with four or more bedrooms. Therefore, the demand for larger properties is rarely being met so we are seeking views whether it is possible to free up these larger properties where they are being under-occupied and make better use of the social housing stock. Under occupancy is considered below in relation to both existing tenants and applicants

Underoccupancy for existing tenants

The current allocations policy doesn't have a separate banding reason to address existing tenants who are under occupying and who wish to downsize, with no other housing need.

Question 6 – Do you agree or disagree that we need to encourage people to downsize if they are under occupying their home?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q6a - Why do you feel this way? OPEN TEXT BOX

Q6b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Q6c – Do you have any ideas how we can encourage or support people to downsize? OPEN TEXT

Under occupancy for applicants

Like the lack of four bedroomed properties, there is also shortage of single person properties with only one bedroom. Only 19% (7686) of the total housing stock across the partnership are one-bedroom properties, of which at least 5327 are bungalows and predominantly for older people. The shortage of one-bedroom properties means single people and couples should be eligible to access a two-bedroom property via a future allocations policy.

The current allocations policy allows single persons and couples to apply and bid for three-bedroom properties, subject to passing an affordability assessment. There are 12,400 three-bedroom properties across the DKO partnership, however the turnover of these properties is low, with only 17% of total lets during 2023/24 going to properties with three bedrooms. There are over 1,700 active applications/households that are eligible for a minimum of a three-bedroom property, making it extremely difficult for families or single people with multiple children to be allocated a property of this size.

Between April 2022 and September 2023, there were only 21 lets of a three-bedroom property to single persons and a further 10 to ‘other households’ which could include a couple without children.

In the current allocations policy, a single person or a couple with no children could be allocated a three-bedroom property if their income is sufficient to pay the rent for a property larger than what they need. Given the under supply of accommodation for families, it is therefore important that the current stock it utilised in the most appropriate way to meet the housing need.

Question 7 – Do you agree or disagree that a single person or a couple (with no children) should be entitled to apply for a three bedroomed property?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q7a - Why do you feel this way? OPEN TEXT BOX

Q7b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Key Issue 3 – Local Lettings Policies

Local Lettings Policies (LLPs) can override the allocations policy on the basis that there are important local issues that must be addressed when allocating households to housing. There are currently 26 active LLPs within County Durham which deal specifically with new build housing.

LLPs can be introduced so that the LLP effectively replaces the allocation policy on a defined housing area to address a specific local issue.

The allocation of accommodation guidance advises that LLPs are allowed under Section 166 of the 1996 Act. LLPs allows local authorities to allocate particular accommodation to people of a particular description whether or not they fall within the 'reasonable preference' categories. Cohorts of people in reasonable preference could be people who are classed as homeless, people living in overcrowded conditions, people who need to move on medical or welfare grounds or people who need to specific local authority to avoid hardship.

LLPs are therefore a policy that allows local 'issues' to take precedence over the countywide allocations policy.

Q8 – What local issues do you think are important enough to override the countywide allocations policy? (Please tick as many as you want)

- **Demand for affordable housing**
- **High levels of anti-social behaviour in a particular area**
- **A shortage of a particular type of housing eg bungalows, larger family homes**
- **Requirement to work within a certain area of a particular location**
- **Housing in regeneration areas**
- **New build housing**
- **Age related housing eg older persons sheltered accommodation**
- **Rural issues eg affordability of housing**
- **Other (please specify)**

If you ticked 'other' above, please can you state in the comments box below what other local issues would require a Local Lettings Policy. Do you have any

other comments to make on Local Letting Policies and the use of them? OPEN TEXT BOX

Key Issue 4 – Priority of Homeless cases

The current allocations policy has four bands (set out in Table 1 below). All qualified applicants will have their circumstances assessed and will be placed in the relevant band, according to their level of housing need. Those that are homeless are currently banded into the top two categories and the Council are seeking views if there is a better way to prevent people becoming homeless in the first place and also to create a safety net for those without a roof over their heads.

Table 1- Housing Register by bands in 2024

Band	Banding Reason	No. active applicants	% of total active applicants	No. of lets 23/24	% of total lets
1	Accepted as statutorily homeless	119	**1.1%**	251	7.8%
	Care leavers	18	**0.1%**	27	0.8%
	Living in intensive supported housing	161	**1.5%**	257	8.0%
	Overcrowded by at least two bedrooms	127	**1.2%**	150	4.6%
	Regeneration scheme within County Durham	34	**0.3%**	19	0.5%
	Urgent medical reasons	220	**2.1%**	285	8.8%
Band 1 Total		**679**	**6.3%**	**989**	**30.8%**
2	Leaving the armed forces and you do not fall within homelessness legislation	18	**0.2%**	10	0.3%
	Move to a locality to avoid hardship	59	**0.6%**	35	1.2%
	Need to move on medical or welfare grounds	2880	**26.9%**	1125	35%
	Occupying unsanitary, overcrowded or unsatisfactory housing	977	**9.1%**	348	10.8%
	Prevention/Relief duties owed by local authority (Homeless)	353	**3.2%**	305	9.5%
Band 2 Total		**4287**	**40%**	**1823**	**56.7%**
3	Wishing to live independently with no other housing need	749	**7%**	**111**	**3%**
4	Adequately housed and have no housing need	4996	**47%**	**289**	**9%**
Grand Total		**10,711**		**3,212**	

Table 1 shows that on 08 October 2024, there were 10,711 active applicants on the housing register, it also shows the breakdown of active applicants within each band and the number of lets within each band during 2023/24.

Homeless applicants

There are around 7,500 people each year who approach the Council when they require housing advice, are homeless, or are at risk of being homeless, of which around 2,500 people are owed a homelessness duty from the Council and require some form of accommodation.

Each person with an active homelessness application will be at a different stage of homelessness and therefore will have a differing level of priority in terms of requiring accommodation.

If someone if still housed but is at risk of becoming homeless within the next 56 days, for example has been asked to leave their current accommodation by a landlord or friends/family, they will be in a ‘Prevention Duty’. After 56 days have lapsed and if no accommodation has been found, they will move into a ‘relief duty’. Someone can be placed immediately into a relief duty if they are homeless upon application. The applicant will remain in relief duty for a further 56 days and if no accommodation has been found they will move into a ‘main duty’ and be classed as ‘statutory homeless’, providing they have a priority need and have not made themselves intentionally homeless.

Where suitable accommodation cannot be sourced for people who are homeless, temporary accommodation is utilised. The number of placements into temporary accommodation has increased significantly, resulting in increased costs to the Council. It is therefore important that homeless people are assessed and placed in the most appropriate band, to ensure that they can access accommodation as quickly as possible, to avoid the need to use temporary accommodation.

Currently, homeless applicants accepted as ‘statutorily homeless’ with a full duty to be rehoused are placed in Band 1 on the housing register. Statutory homeless people are those people who have been assessed as homeless by the local authority, are unintentionally homeless and are in a ‘priority need’ group.

Band 1 has the least number of active applicants, making up just over 6% of the total housing register (679 applicants), of which just over 1% are statutory homeless (119 applicants). During 2023/24, almost 31% of total lets went to people within Band 1.

Band 2 is the second largest band containing 40% of the total active applicants. Of the total number of applicants in band two around 8% are ‘non statutorily’ homeless. This priority includes applicants that are at risk of becoming homeless within the next 56 days and are at a ‘prevention’ stage in their homelessness application with the local authority’s housing service. It also includes applicants that are currently homeless and in a ‘relief’ stage of their homelessness case (stage after the 56 days of prevention). The Council want to prevent people becoming homeless in the first place so want to prioritise those in the prevention stage. The question below is seeking views on the Councils position on prevention.

Question 9 – Do you agree or disagree that people who are at risk of becoming homeless be awarded a higher priority than people who are already homeless?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q9a - Why do you feel this way? OPEN TEXT BOX

Q9b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Temporary Accommodation

There are a high number of people that approach the Council’s housing service each year who are at risk of becoming homeless within the next 56 days. It is important that they can access affordable housing as quickly as possible to prevent the use of temporary accommodation, which is very costly to the Council. These people would currently be awarded the second priority grouping (Band 2, table 1) on the housing register. The average waiting time in the current Band 2 is around 251 days.

Anyone who presents to the Council’s housing service as homeless and requires temporary accommodation are currently assessed as having a relief duty and would be awarded the second banded group on the housing register. A pilot was agreed by the DKO Board members to place all applicants living in temporary accommodation into the first banded group to assist these applicants get permanently rehoused. The pilot was successful and therefore as part of this consultation the Council would like to ask views on making this change to the allocations policy a permanent change.

Question 10 – Do you agree or disagree that homeless applicants living in temporary accommodation should be given the highest priority in the new allocations policy?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q10a - Why do you feel this way? OPEN TEXT BOX

Q10b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Key Issue 5 – Priority of Medical and Domestic Abuse Cases

There are two questions in this key issue. They both relate to how a future allocations policy awards the correct priority to those who are seeking re-housing due to medical need and Domestic Abuse (DA).

Nearly 27% of the total current active register (around 3,000 applicants) are classed as having medical (non-urgent) or welfare needs, and these applicants currently are all banded together. The band currently hosting these applicants (Band 2) contains 75% of the total active applicants on the register who have an identified housing need. Waiting times for this group of people has grown from a historic average of 312 days to a current average waiting time of 428 days. This section asks questions on how it may be possible to prioritise those with higher medical and welfare needs.

Medical Assessments

Currently, the policy allows people who have prescribed medical issues relating to their need for re-housing to be allocated within one of only two categories, urgent or non-urgent.

People with chronic illnesses receive a higher banding and are placed into current Band 1 such is the urgency of their medical condition. The level of evidence required for 'urgent' is significant. A medical professional, such as an occupational therapist, a Community Psychiatrist Nurse (CPN), General Practitioner (GP), or social care professional, is required to provide written evidence of chronic illness and how it relates to the unsuitability of the patients current housing. Of the current active register, 2% (220 applicants) are assessed as being in urgent medical need. The Council believe this classification prioritises those most in need and is correctly based on the requirement for a professional medical assessment.

For non-urgent medical cases the same level of evidence is not required. There have been increasing numbers of people seeking a housing related assessment on medical grounds and it has become increasingly challenging for housing providers, medical organisations, occupational therapists etc to provide suitable evidence to demonstrate a medical need. Therefore, to cope with demand, the Council and some RP partners now accept desktop assessments, while GPs and applicants are reliant on social prescribers to submit medical evidence.

As all non-urgent housing applicants do not require an assessment from a medical professional, there is a risk that people with a more substantial medical need are not being provided with a new home while those with a moderate medical condition are being re-housed. The question below seeks feedback on how we can better categorise people in medical need by moving to a three-tiered system so those with more substantial medical issues can be prioritised over those with moderate medical issues. We are also asking if medical assessments should be validated by a medical professional.

Question 11 – Do you agree or disagree that a medical professional should carry out an assessment to categorise the medical need of individual applicants who believe they should have medical priority?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q11a - Why do you feel this way? OPEN TEXT BOX

Q11b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

11c - Do you agree or disagree that we should move to a three-tiered system of assessing medical need?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q11d - Why do you feel this way? OPEN TEXT BOX

Q11e - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Domestic Abuse

People on the housing register who are victims of DA, are currently banded together with people with other welfare needs in accordance with the allocations policy.

Other welfare reasons could include the need to be near family or friends to give or receive support or people who need to receive or give care and an urgent move is required from their home. It is the Council position that those who are current victims of DA should be given additional priority over people in the welfare category.

Question 12 - Do you agree or disagree that victims of domestic abuse should be given greater priority than those with other welfare needs?

- **Strongly agree / Agree / Neither Agree or Disagree / Disagree / Strongly Disagree**

Q12a - Why do you feel this way? OPEN TEXT BOX

Q12b - Do you think this change would affect you / the people you represent in a positive or negative way?

- **Extremely positive / Positive / No change / Negative / Extremely negative**

Key Issue 6 – Monitoring and Service Standards

The housing register has two service standards regarding the processing of applications. These are key to achieving customer satisfaction and ensuring that forms are processed quickly enough to allow access to housing in a suitable timeframe and assist with housing demand.

The first service standard is that all applications received will be registered by a staff member within five working days of the application date. The second service standard is that all applications will be activated within 20 working days (where we have received the information requested when registering the form).

The targets for all partners for both standards are 95%.

Question 13 – Have you had experience of accessing the housing register in the last three years? Yes / No

Q13a If yes, how do you rate your experience of the following:

- **The DKO website**
- **Applying to join the housing register**
- **Acceptance to the register (banding)**
- **Searching and bidding for properties**
- **Allocation of a property**
    - **Very good / Good / Neither good nor poor / Poor / Very poor / Not applicable (for each option)**

Q13b Please tell us about why you think this way? OPEN TEXT

Any Other Comments?

On behalf of Durham County Council, thank you for taking the time to engage in the consultation. Two final questions.

Question 14 - Do you have any other comments on social housing allocations in County Durham? OPEN TEXT BOX

Glossary of Terms

Additional Preference – Additional preference in housing allocations policies is when local authorities give priority to certain groups of people who have both a reasonable preference and urgent housing needs. Some examples of people who may be given additional preference include:

- People who need to move quickly due to a life-threatening illness or sudden disability
- People who are severely overcrowded and this poses a serious health hazard
- People who are homeless as a result of violence or threats of violence
- Members of the armed forces

Local authorities can also consider other factors when determining priority, such as financial resources, behaviour, and local connection.

Bands - In housing allocations policies, a band is a category that applicants are placed into based on their housing need. The bands are used to prioritise applicants, with those in the highest band having the highest priority.

Care Leavers - are young people aged 16-25 years old who have been in care at some point since they were 14-years old and were in care on or after their sixteenth birthday. These young people are statutorily entitled to some ongoing help and support from the local authority after they leave care.

Domestic Abuse - (sometimes called 'domestic violence' or 'intimate partner violence') is an incident or a pattern of behaviour that is used by someone to control or obtain power over their partner or ex-partner.

Durham Key Options (DKO) – is a Choice Based Lettings scheme established to allocate social housing in County Durham. DKO is a partnership, made up of Durham County Council (DCC) and its four housing provider partners; believe housing, Livin, Karbon Homes and North Star.

Housing Need – is based on the premise that everyone requires a suitable home to live in regardless of how much money they have. An individuals need may vary depending on several factors including location, affordability, property condition and suitability, health, and welfare.

Local Connection Test - gives priority or a higher priority to those people with a local connection when houses are being offered, regardless of priority banding.

Medical Assessments - is a process used to determine if an applicant qualifies for medical priority in a housing allocation scheme. The assessment considers how an applicant's current home affects their health or disability, and if they would benefit from moving to a different property.

Prevention – Those that are at risk of becoming homeless in the next 56 days.

Reasonable Preference - Cohorts of people in reasonable preference could be people who are classed as homeless, people living in overcrowded conditions, people who need to move on medical or welfare grounds or people who need to specific local authority to avoid hardship.

Registered Provider (RP) - is a social housing provider that is registered with the Regulator of Social Housing. RPs are responsible for meeting the standards set by the regulator, which includes codes of practice and regulatory guidance.

Relief Duty – A relief homeless duty is a local authority's obligation to help a homeless household find suitable accommodation. This applies to all households that are homeless and eligible for assistance, regardless of priority need and can last up to 56 days. The authority must take reasonable steps to help the applicant find accommodation. The relief duty ends when; accommodation is found or if the applicant refuses suitable accommodation offered by the authority. If the relief duty fails and no accommodation is found within 56 days, the main homelessness duty comes into effect.

Residency Test - is a test for allocations policies is a requirement for some applicants to qualify for social housing in a particular area. The test requires applicants to have lived in the area for a certain amount of time, or to have a family or work connection to the area.

Social Prescribers – is a role who helps patients to improve their health, wellbeing and social welfare by connecting them to community services which might be run by the Council or a local charity. For example, signposting people who have been diagnosed with dementia to local dementia support groups.

Statutory Homeless - This is often referred to as the main homelessness duty. Statutory homeless people are those people who have been assessed as homeless by the local authority, are unintentionally homeless and are in a ‘priority need’ group.

Durham County Council Equality Impact Assessment

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

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

Section One: Description and Screening

Service/Team or Section	Strategy, Partnerships and Commissioning
Lead Officer name and job title	Strategy, Partnerships and Commisioning Manager (Planning and Housing Service)
Subject of the impact assessment	Social Housing Allocations Policy review
Report date (Cabinet/CMT/Mgt team etc)	REG – 30th October 2024 CMT – 13th November 2024 Cabinet – 4th December 2024
MTFP Reference (if relevant)	
EIA Start Date	4th November 2024
EIA Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice which is the subject of this impact assessment.
In County Durham, a Choice Based Allocations scheme is in operation to allocate social housing to people on the housing register, as part of the Durham Key Options (DKO) partnership. The DKO Partnership is made up of Durham County Council and its four key housing partners. The wider partnership is also used to advertise and allocate other types of housing including low-cost home ownership and those in the private rented sector, however this consultation is relevant only to how social housing is allocated via the Allocations Policy.

The Allocations Policy was last reviewed in 2017, it is therefore timely to take account of the relevant changes across the housing sector including the current housing crisis and the considerable sustained pressure on the supply of social housing. There are also changes in National and Local Policy that need to be considered when allocating social housing. Durham County Council and its partners have agreed that the time is now right to comprehensively review the Durham Allocations Policy.

The purpose of this first consultation document is to understand the view of the public and key stakeholders on several key issues related to how the allocations scheme works. The first consultation will run from the 15 January and close on the 12 March 2025. This full consultation issues paper will contain some technical questions and will be appropriate for Registered Providers (RPs) and other housing professionals. There is also a shorter less technical summary paper for the public and a shorter consultation survey which will seek the views of the general public.
A second consultation will take place later in autumn 2025 where the key findings from this consultation on the Issues paper will be taken into consideration and a revised allocations policy will be tested in public.

The final allocations policy will be approved by the Durham County Councils Cabinet reflecting democratic accountability on the way in which social houses in County Durham are allocated.

How is the Current Allocations Policy Managed?

The Allocations Scheme is the statutory responsibility of the Council. In Durham there is an active partnership between registered housing providers and the County Council that was established in 2009 to implement and oversee the scheme. The partners are:

- Durham County Council
- Believe housing
- Karbon Homes
- Livin, and
- North Star Housing

The partnership enables a consistent policy and procedural approach when allocating properties. The Council estimates that around 92% (43,000 properties) of available social housing is advertised and allocated via the allocations scheme.
As part of the partnership, the housing providers above let 100% of their housing stock in County Durham via the Durham Key Options partnership agreement. As part of the allocation scheme, partners are committed to a joint Allocations Policy. The policy covers all partners when allocating properties within the County boundary. Any other policy that partners may have is only used by them outside County Durham. All of the partners own stock outside of County Durham and a couple of the RPs have separate allocations policies for stock outside of the boundary of the County.
In addition to the formal partnership a further 16 registered providers (RPs) are signed up to a nomination agreement which assist the Council in addressing housing need. This agreement requires the signatories (sub-partners) to nominate at least 50% of their empty properties to be let to applicants from the housing register. The sub-partners are:

- Accent Group

- Anchor Hanover
- Bernicia Homes
- Castles and Coasts Housing
- DASH – Durham Action on Single Housing
- DAMHA – Durham Aged Miners Housing Association
- Gentoo
- Hellens Residential
- Home Group
- Housing 21
- Johnnie Johnson Housing
- Places for People
- Railway Housing Association
- Riverside North-East
- Sherburn House Charity
- Thirteen Group

The sub-partners request nominations via Durham County Council's allocations team. The nominating provider will then allocate from the shortlist of applicants and then rehouse. The nomination agreement with the sub-partners is monitored monthly by Durham County Council to check compliance.
The total stock of houses that would fall solely under the allocations policy from the main four partners in County Durham is approximately 39,500 houses. The sub-partners have in addition approximately 7,000 properties, of which at least 50% are allocated via the allocations policy.

The consultation has been designed to be as inclusive as possible for all residents and targeted towards any relevant groups who may otherwise be excluded from the consultation process .

Who are the main people impacted and/or stakeholders? (e.g. general public, staff, members, specific clients/service users, community representatives):

- The public wishing to move within the social housing sector (or into the social housing sector) within County Durham
- Durham County Council
- Registered Providers signed to the DCC Nomination Agreement

Anyone who lives in, studies in, works in, visits, or has an interest in living in County Durham may be interested in the Housing Strategy. This includes the general public, council staff, Elected Members, landlords, registered providers, housing developers and landowners, various partners, stakeholders from various sectors and interest groups or communities, Area Action Partnerships,

Town/Parish Councils, Neighbourhood Forums and statutory consultees / prescribed bodies as defined by the Government.

Screening

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

Please provide **brief** details of any potential to cause discrimination or negative impact. Record full details and any mitigating actions in section 2 of this assessment.
The Allocations Scheme is the statutory responsibility of the Council. In Durham there is an active partnership between registered housing providers and the County Council. Its purpose is to set out how social housing will be allocated across the County.

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

The Allocation Policy Issues Paper recognises the importance of meeting housing needs of those most in need in the County. There is potential for negative impact on some protected characteristics as some groups needs are prioritised over others. This includes:-

Key Issue 1 Qualification Criteria- Removing Band 4 (no housing need) could impact younger people more than others who may be more likely to register in this Band as they do not have a current housing need but are registered in case they should have a need in the future or pre-empting a need in the future.

An unintended consequence of removing a band could be that some of the applicants in this band enter other bands and so impact these waiting times to be housed. This includes: Age (wishing to live independently- who may be more likely to be young people wanting to leave home), care leavers, overcrowded housing. Disability- unsuitable housing, medical welfare grounds, urgent medical reasons.

Key Issue 3 Local Lettings Policy, depending on what issues a Local Lettings Policy prioritises, other protected characteristics may be negatively impacted if the policy does not meet their needs.

Key Issues 4 Priority of Homeless Cases- If homeless prevention cases are prioritised over those who are already statutory homeless this could have a negative impact on single men who make up are large proportion of this cohort as other cases are addressed and people housed ahead of them. We also recognise that LGBT people and minority ethnic groups can be disproportionately affected by homelessness.

The review is at an early stage, with the first of the consultations seeking views to inform any policy changes. Consultation will therefore be wide reaching and targeted at service users and any groups may otherwise be potentially excluded from consultations and impacted by the policy. This includes consultation with social rental tenants, those who are homeless, young people, people with disabilities.

The policy review is based on the premise that everyone in County Durham should have access to safe and secure housing that meets their needs. It is recognised that some groups may be more in need of assistance to gain safe and secure housing than other. This includes children leaving care, people fleeing domestic abuse, veterans, people at risk of homelessness or people currently experiencing homelessness, people with medical needs, people currently not in suitable housing.

The Allocations Policy will prioritise groups for social housing based on those most in need on application. We will help and support people to prevent them becoming homeless and support those who are homeless to be housed in permanent accommodation.

We are committed to placing people in social housing that best meets their needs.

Please provide **brief** details of positive impact. How will this policy/proposal promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The Allocations Policy will cover the whole of County Durham that will be developed and delivered through working closely with partners across the county and for the benefit of all of our residents. We will make use of the County Durham Partnership, DKO Board and other relevant groups in developing and delivering the Policy.

Community consultation and engagement will be promoted as part of the development and delivery of the policy. Consultation will be carried out with local partners, groups, social housing tenants, residents and relevant agencies, which will foster good relations between people from different groups.

There are potential positive impacts across the protected characteristics especially in terms of age (younger and older people), disability. Engagement and assessment of equality impact is very much locality specific depending on need.

Evidence

What evidence do you have to support your data analysis and any findings?

Please **outline** any data you have and/or proposed sources (e.g. service user or census data, research findings). Highlight any data gaps and say whether or not

you propose to carry out consultation. Record your detailed analysis, in relation to the impacted protected characteristics, in section 2 of this assessment.
TBC

Screening Summary

On the basis of the information provided in this equality impact screening (section 1), are you proceeding to a full impact assessment (sections 2&3 of this template)?	Please confirm (Yes/No) Yes

Sign Off

Lead officer sign off: Peter Ollivere	Date: 22/11/2024
Equality representative sign off (where required): Ruth Ashton	Date: 22/11/2024

If carrying out a full assessment please proceed to sections two and three

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

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

Section Two: Data analysis and assessment of impact

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

Protected Characteristic: **Age**		
What is the actual or potential impact in relation to age?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?
Care Leavers	See key issue 1	

Protected Characteristic: **Disability**		
What is the actual or potential impact in relation to disability?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Gender reassignment**		
What is the actual or potential impact in relation to gender reassignment?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Marriage and civil partnership (only in relation to 'eliminate discrimination')**		
What is the actual or potential impact in relation to marriage and civil partnership?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Pregnancy and maternity**		
What is the actual or potential impact in relation to pregnancy and maternity?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Race**		
What is the actual or potential impact in relation to race?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Religion or belief**		
What is the actual or potential impact in relation to religion or belief?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Sex**		
What is the actual or potential impact in relation to sex?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Protected Characteristic: **Sexual orientation**		
What is the actual or potential impact in relation to sexual orientation?	Record of evidence which supports and/or explains your conclusions on impact.	What further action or mitigation is required?

Section Three: Conclusion and Review

Summary

Please provide a brief summary of your findings; a summary of any positive and/or negative impacts across the protected characteristics, links to the involvement of different groups and/or public consultation, mitigations and conclusions made.

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

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?

Review and connected assessments

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

Sign Off

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

Please ensure:

- **The findings of this EIA are carefully considered and used to inform any related decisions and policy development**

- **A summary of findings is included within the body of any relevant reports or decision-making records**
- **The EIA is attached to reports or relevant decision-making records and the report Implications Appendix 1 is noted that an EIA has been undertaken**

Please retain a copy for review and update where necessary, and forward a copy to **equalities@durham.gov.uk**

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Cabinet

4 December 2024

Towns and Villages Programme

Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration, Economy, and Growth

Councillor Elizabeth Scott, Cabinet Portfolio Holder for Economy, and Partnerships

Councillor James Rowlandson, Cabinet Portfolio Holder for Resources, Investment, and Assets

Electoral division(s) affected:

County wide.

Purpose of the Report

1 To provide Cabinet with an update on the delivery of the Towns and Villages Programme.

2 To seek approval of the Towns and Villages Investment Plan 2024/26.

Executive summary

3 The Towns and Villages programme was developed out of a desire to help manage the transformation of our main centres and beyond, recognising the pressures seen from successive rounds of retail closures, changing shopping habits and a rise in the number of leisure and hospitality operations opening in our towns.

4 Through rounds of consultations involving local members, Area Action Partnerships and key stakeholders, clear themes for the programme emerged and a wide-ranging suite of project opportunities which formed part of the Towns and Villages investment plan approved by Cabinet in February 2021.

5 The Towns and villages programme provided a new way of working in shaping the place agenda, with the council funding providing flexibility to bring together different strands of project activity to provide bespoke solutions to the needs and opportunities being identified.

6 This broad oversight of needs has also proved to be beneficial providing clear options which have been used to secure and deploy other place-based funding programmes often requiring an active pipeline of schemes to deliver within tight timescales. These other funding opportunities and the ongoing process of changes seen in our towns and villages has resulted in some elements of the core

programme being delivered quicker than anticipated while some projects have been impacted by external policy or funding changes or timelines realigned to secure other external resource.

7 On 1st September 2024, **£13.5 million** of the £25 million original Towns and Villages investment has been delivered which is part of the **£30.8 million** expended to date of a place based regeneration programme**.** A further **£15.8 million** has been committed; and **£2.7 million** remains in development aligning with the Investment Plan themes. As a result, there is now an opportunity to extend the delivery of the programme through to 2026 and to reallocate funds from some of the original project strands to continue to support some of the hight demand interventions.

8 The county wide scale of delivery, the matched funding attracted and the other regeneration funds that have been aligned to the programme demonstrate the benefits of the co designed place based approach which has now been adopted through the Inclusive Economic Strategy as the way forward.

9 With a further commitment to the development of Strategic Place Plans and with a mayoral commitment to establishing a High Streets commission, our experience in delivering the Towns and Villages programme also provides case studies to help shape the regional policy agenda and accompanying resources.

Recommendation(s)

10 Cabinet is recommended to:

(a) note the progress in delivering the Towns and Villages Programme;

(b) note the alignment of a further **£81.6 million** of additional funding to the delivery of place based regeneration;

(c) approve the Towns and Villages Investment Plan 2024/26;

(d) delegate any amendments in the allocation of Towns and Villages funding within the approved themes set out in the Investment Plan to the Director of Regeneration and Economy in consultation with the Cabinet Portfolio holders for Economy and Partnerships and Resources, Investment and Assets.

Background

11 The Towns and Villages programme has been developed through a series of reports to Cabinet since December 2018, establishing the principles, investment themes and subsequently in February 2021, confirming the detailed delivery programme.

12 Further reports and updates have been presented to Economy & Enterprise, Overview and Scrutiny Committee, (July 2023) to illustrate the programmes progress.

13 Additional funding has been attracted and secured during this timeframe both enhancing the scope and extent of the Towns and Villages delivery and providing a framework for securing and delivering new funding streams.

14 This is largely due to the Towns and Villages Programme being built upon involving communities in identifying the issues affecting them, which enabled the council to;

(a) Develop the T&V Themes and investment plans;

(b) Taking advantage of government policies and funding;

(c) Unlocking private / philanthropic investment and;

(d) Engaging their communities.

15 The approach set out by government through the LTPT programme and our most current co-design led programme as part of UKSPF, aligns closely with the council's efforts to support the transformation of communities across County Durham through the Towns and Villages programme and approach and is identified as the default method of place based design and delivery as set out in the Inclusive Economic Strategy.

16 This embedded approach puts the council in a strong position moving forward with future place-based programmes, developing, and shaping our towns and villages for the benefit of communities, visitors, and business.

Towns and Villages Project Delivery Update 2023/24

17 The approval of the UKSPF Investment Plan and Funding has provided the opportunity to expand and extend some strands of activity initiated through the Towns and Villages programme. The ongoing review of external funding opportunities will be continued with a view to securing further resource to deliver beyond the Investment Plan.

18 Details of the wider investment aligned to the delivery of the Towns and Villages programme, including UKSPF, REPF, and other funds are set out at Appendix 2. Progress with the main delivery programme includes:

Neighbourhood Retail Parade (NRP) Programme

19 This project has continued to deliver projects following the scoping exercises undertaken which are used to identify opportunities for potential improvements which link across the programme themes and to wider investments.

20 The scoping phase of the programme is beneficial in identifying a wide range of neighbourhood and village issues, whilst ensuring a cross service co-ordination to delivery, whilst maximising impact and the best use of available budgets.

21 Project opportunities identified have included continuing to invest and support the retail sector with grant support via the Targeted Business Improvement Scheme, where applicants are targeted in areas in addition to businesses making direct approaches for support. Support includes advice and guidance to new and existing businesses, grant support to improve premises, whilst also supporting economic growth and job opportunities.

22 Targeted Business Improvement scheme has continued with schemes developed and delivered in West Auckland, Seaham, Durham City, Tow Law, Shildon, Consett, Coxhoe, Chester le Street, Bishop Auckland, Wingate, Ferryhill, Crook, Stanley, Croxdale, Horden, Spennymoor, Wheatley Hill, Peterlee, Blackhill, Stanhope, Rookhope, Stanley, Leadgate, Fencehouses, Langley Moor, Great Lumley, Framwellgate Moor and Barnard Castle.

23 As a result, this area of the programme has continued to deliver strong support to local retailers with the following performance between April 2023 – March 2024:

a) 339 retail business enquiries – showing growth beyond previous years;

b) 49 businesses supported;

c) 301 FTE’s created and FTE’s safeguarded;

d) 25 vacant properties brought back into use;

e) 24 new businesses supported;

f) Total grants issued £405,326;

g) Private investment attracted £2,082,994 million.

24 Retail business enquiries remain high and demonstrate growth on previous years. Appendix 3 contains a detailed analysis of the extent and scope of business support offered through this program since its launch, up until 1st September 2024 including:

a) 1615 business enquiries;

b) 261 businesses supported;

c) 860 FTEs created and FTEs safeguarded;

d) 107 vacant properties brought back into use;

e) 84 New businesses supported;

f) Total grants issued £1,750,743 million;

g) £9,791,947 million private investment attracted.

25 Retail business enquiries during the period of April 2024 to September 2024 has reached 227 in this six-month period. This further demonstrates growth on previous years and the benefit of the support in attracting new business and helping existing businesses to grow and develop.

26 The Targeted Business Improvement Scheme is delivered alongside the Public Realm Enhancements in our towns and villages to maximise improvements and deliver change in neighbourhood parade areas;

27 Areas improved have included Framwellgate Moor, Bearpark, Frosterley, Spennymoor, Crook, Wingate, West Cornforth, New Brancepeth, Newton Hall, Seaham, with works designed, programmed and or completed Examples of the type of improvements delivered include pedestrian footways with new paving, improved accessibility, protection for pedestrians with bollards, railings, traffic calming measures and interpretation boards, heritage features, public art. Some projects have also benefited from attracting S106 funding again following the approach of maximising the towns and villages funding where this is possible.

Enhanced Environmental Maintenance

28 This project has linked closely to the NRP schemes and has delivered enhanced works in several locations, for example in Shildon refurbishment and repainting of bollards, railings, bus shelters and bins alongside street cleansing of footways in the Market Place, Church Street and Main Street.

29 Areas benefitting from this activity have included Haswell, Shildon, Framwellgate Moor, Sherburn Village, West Rainton, Brandon, Tow Law, Annfield Plain, Crook, Carrville, Thornley, Spennymoor, Seaham, Barnard Castle, Frosterley, Wheatley Hill, New Brancepeth, Chester le Street, Durham City, Consett. Interventions include new/refurbished benches, bollards, bins, soft landscaping, enhanced cleansing, bus stop cleaning and refurbishment and reconfiguring street furniture.

Neighbourhood Parking, Traffic and Circulation

30 This project delivers against various types of neighbourhood parking, traffic and circulation issues, examples of delivery include new and improved layouts of shoppers' car parks including EV charging, the introduction of speed cushions and Traffic Regulation Orders to improve safety for pedestrians.

31 Areas have been identified through the initial round of consultations with local members and AAPs as well as through the identification of issues while scoping local works packages. Schemes delivered have included Shildon, Wheatley Hill, Framwellgate Moor, Newton Hall, Blackhall, Seaham. In some areas addressing long standing problem properties can create a solution for car park demand. Examples include the creation of a new car park at Annfield Plain to support the neighbourhood parade users, as well as improve drop off and collection for the local school. The building has been demolished and work is underway to create the new car park, linking the works across the programme of the problem commercial properties with the delivery of a new car park facility.

Property Reuse and Conversion

32 Focussing on reducing vacancy and diversifying use in main centres. This repayable revolving loan scheme supports our retail, leisure and hospitality offer for our county to grow and supports the reconfiguration of our empty and derelict properties. This project will continue beyond the Investment Plan lifecycle due to the repayment of loans enabling the continued offer.

33 To-date this scheme has issued ten loans, supported 16 new businesses, attracted private sector investment of £3.5 million and helped to create 75 FTEs and bringing eight vacant buildings back into active use. Area’s benefitted have included Spennymoor, Castle Eden, Seaham, Bishop Auckland, Durham City and Peterlee.

Improving Community Resilience

34 The scheme designed to help improve and create community facilities to help provide services at a community level has so far resulted in 16 projects being awarded funding totalling over £1.4 million. Ten projects are now complete Alington House Durham, Lowes Barn Community, Peterlee and Horden Rugby Club, Woodhouse Close Church, and Community Centre, Cotherstone Chapel, Fishburn Community Resource Centre, Shotton Youth Hub, Spennymoor Youth and Community, Brandon Boxing Club and Framwellgate Moor Community Centre.

35 A further six projects have received grant offers and are underway. These are; Burnmoor Cricket Club, All Saints Muggleswick, Redhills Revealed, Brandon Community Hall, Watling Spaces CIC, and St Pauls Centre.

36 Interventions through the Community Resilience project include renovations and repurposing of buildings to safeguard the community assets, extensions to support delivery of community services, solar panels to support centres to be sustainable and keep running costs down.

37 Applications from a further nine community organisations are being supported through the development stages from the following areas: Belmont, Peterlee, Chilton, Cornforth, Esh Winning, Haswell, Nettlesworth, Shildon, Crook.

38 As detailed within this report this element of project activity is now being developed and delivered alongside the UKSPF Community Infrastructure Project to maximise available funding and support a greater number of schemes.

Walking and Cycling

39 The project provides the additional resource to enhance the investments made through Local Travel Plans (LTP) and as part of the Local Cycling and Walking Improvement Plans. A particular priority being given to:

a) Addressing breaks in the current walking and cycling network;

b) Connecting residential areas and employment sites with the main walking and cycling infrastructure.

40 Improvements have been made to National Cycle network (NCN) 1 with East Durham upgrades from Station Town to Wynyard complete, sections of the Hart to

Haswell railway path at South Hetton, Tuthill, Shotton and Wellfield completed. The C2C Consett (Blackhill) is complete. At Bishop Auckland - The Auckland Walk surface upgrade is complete and the Brandon to Bishop Auckland part complete, dependant on feasibility of Relly Bridge designs/ costs before completing. Waskerley Way to Whithall complete. Hownsgill Viaduct – feasibility. NCN14 to Hart ongoing. NCN1 Seaham town centre feasibility and finally NCN1 Seaham to Ryhope, NCN1 signage and Murton to Dalton Park link planned by March 2025.

41 Issues with land ownership identified at the feasibility stage and poor weather conditions have resulted in delays in delivering some of the improvements with the timescale for delivery now extended into the next investment plan window.

Community Housing

42 Community led housing provides an additional source of supply of affordable or other specialist accommodation to meet local housing needs, focussing on small scale development for specific communities of interest such as veterans, disabled groups, or those with learning disabilities. The Towns and Villages funding provided a potential resource for schemes to access funding to progress schemes.

43 The very nature of community led housing is that schemes will have a longer lead in and will potentially face increased delivery challenges owing to a range of factors including availability of land and site viability considerations.

44 National funding has supported a specialist scheme which was originally identified through the programme. This has resulted in a scheme in the east of the county providing seven residential units for young homeless clients. Funded from S106 and COMF Covid Outbreak Management Fund bringing an empty building back into use. To date we have been unable to offer support for any further proposals due to issues identified with land ownership and the concern regards future management arrangements. Further dialogue continues to achieve appropriate small development through mainstream housing programmes as a result no further schemes are expected to be progressed under this strand and it is proposed to realign remaining funding to other areas of the programme.

Allotment Improvement Programme

45 Allotments are a valuable community asset, but the external appearance can detract from the quality of local areas. A scheme to support the improvement of DCC owned allotments was launched in June 2023 with two yearly invites to apply for this funding 31st January and 31st July 2024. In total 20 applications have been approved in principle awarding grants just over £47,000 with match funding in excess of £32,000. Applications from around the County include East Stanley, Newton Hall, Shield Row, Bishop Middleham, Consett, Blackhall, Annfield Plain, South Moor, Dipton, Gilesgate and St Helen Auckland.

46 The next round of applications are being invited for submission 31 January 2025.

Vulnerable Buildings

47 Part of the initial focus when creating the Towns and Villages programme was the high level of vacancy in many of our towns and the need to provide support and necessary resource to manage the reduction of void properties through

enforcement, reuse or if necessary, demolition. This approach was previously highlighted to Cabinet in March 2021 and reviewed by Environment Scrutiny Committee March 2023.

48 The approach adopted through the Towns and Villages programme provides a six-stage process - Identify, Establish, Engage, Educate, Encourage, and Enforce which guides the size, scope, and timescales for intervention.

49 Tracking of the various vulnerable buildings also includes a focus on the safety of buildings leading to enforcement action and the boarding up of properties when necessary.

50 Just under 50 properties were being monitored in March 2023, of which 16 properties have now been brought back into use/demolished. Examples of positive activity include four buildings that are being supported to bring them back into use in Consett, Stanley and Langley Moor. As well as the demolition, now completed, at Annfield Plain, leading to the creation of new car parking facilities.

Former Easington School Site

51 The site of the former Easington School in Easington Colliery currently stands vacant following demolition in 2021. The plans for demolition included a requirement to repair and refurbish the existing perimeter walls, railings, and gates. It also proposed a pocket park. Whilst the demolition phase has been completed, the refurbishment of the walls, railings and gates have not been undertaken.

52 Since demolition, the listing of the site has been removed and with costs for the reinstatement of the wall, gates, and railings significantly higher than initially forecast the budget, the long term strategy for the site requires further consideration to ensure residents receive the benefits and improvements planned whilst the remaining budget is used most effectively.

53 Further feasibility and technical studies have been undertaken to guide future development and ensure the site provides a positive contribution to the local community.

Horden Regeneration

54 The Towns and Villages Investment Plan has a £4.5 million allocation for the Horden regeneration programme. This is supplemented by £1.7 million from the council's capital programme. The £6.2 million has been approved as part of the Medium-Term Financial Plan in support of the Masterplan delivery Option for Horden which was approved by Cabinet in January 2024. The £6.2 million will allow a programme of regeneration to commence to address some of the long-standing issues of vacancy and deterioration, strengthen community confidence and stimulate the market to encourage wider private and public sector investment.

55 The first phase of the Masterplan is associated with the acquisition of 56 properties on Third Street. Housing Regeneration Officers are working to progress acquisitions alongside working closely with residents to identify their housing needs. At the current time the council has valuation instructions for 36 properties with Capita. The council successfully purchased and decommissioned its first property in Third Street in August 2024 and another 9 instructions are with legal and are planned to

complete March 2025. In addition, three tenants and two owner occupiers have been supported to relocate to new properties, with detailed support being provided to others in preparation for moving to their new homes.

56 The council has been successful in securing a further £4.5 million from the North East Combined Authority over the summer to expand the project to include Third, Fourth and Fifth Street, Horden. The council was notified at the start of the September 2024 that the application was successful, and a formal announcement was made towards the end of September 2024 by the North East Mayor. The expansion to the project will see the council seeking to acquire an additional 58 properties within Fifth Street. All owners and occupiers have been contacted in Fifth Street and work is now ongoing to support owner occupiers, landlords and tenants through the process, with a number already showing interest to enter sales negotiations with the Capita.

57 A hybrid planning application for demolition and reprovision within Third, Fourth and Fifth Streets this will be submitted within the first quarter of 2025. In line with the funding requirements of the North East Combined Authority funding, it is anticipated that reprovision works will commence in the first quarter of 2026.

Strategic Investments

Digital Highstreet

58 The Digital High Street Project provided free Wi-Fi coverage across the main town centres as part of the shift to leisure focussed uses in town centre, a desire to improve user experience, functionality and extend the dwell time and through the data capture aspect of the system to better understand user trends across the centres. Wi-Fi systems were installed in Bishop Auckland, Stanley, Seaham, Chester le Street and Barnard castle using Towns and Villages funding alongside AAP and Town and Parish Council contributions.

59 Data has now been evaluated despite the systems providing good coverage across the town, the number of authenticated users remains low limiting the data insight. Since the project commenced, advances in technology which includes the masking / randomising of devices identity, means the systems will not now accurately provide the data expected. As a result, we have concluded that these pilot schemes will not be extended with Seaham and Chester le Street ceasing in May and Barnard Castle in June 2024. Local members within the towns identified have received update reports and information regards the ceasing of the Wi Fi coverage.

60 Work with Shildon Parish Council also investigated the potential to install free Wi-Fi in their community park with additional funding attracted, however due to issues with the data systems as detailed below, this AAP Towns and Villages funding has been reinvested to the larger park project.

61 The original focus was to improve our understanding of the use of the individual centre along with improving user experience and encouraging businesses to embrace digital opportunities.

62 New town centre data opportunities are emerging and a contract has been issued to secure commercial data and helps us to understand our town centres users, impacts of events, and cross mapping of footfall over previous years to help focus

regeneration efforts. This data has been utilised in reports to demonstrate the footfall increase in towns resulting from activities and events in some towns and most recently as part of the UKSPF Specialist Markets.

Retail Hub

63 The retail hub has focussed on providing several strands of support to the sector, aimed at supporting growth and resilience in both the retail, leisure, and the hospitality sector.

Retail Hub Strand 1

64 The Retail skills project has continued with ongoing engagement with the retail, leisure and hospitality sectors offering free courses. This training offer provides training face to face. 17 courses have been delivered in the last financial year to-date covering digital media, emergency first aid and food safety training.

65 During the current financial year 24/25 150 employees have received training, with 14 courses delivered in Food Safety, First Aid, Manual Handling, Fire Safety and Dealing with Difficult Customers. The offer continues to be reviewed, this is to ensure it is fit for purpose to help grow the retail sectors skills and development.

Retail Hub Strand 2

66 This strand is focussed upon supporting new business formation and growth, through shared retail space, temporary retail offerings and meanwhile uses of existing town centre property. This strand of work includes two types of intervention.

(a) Temporary Shop Wraps;

(b) A support programme encouraging test trading and meanwhile uses.

67 A contract was awarded to Shop Jacket, to work alongside DCC to help tackle long term empty units, enhancing the appearance of vacant units with two units benefiting from this approach including Bishop Auckland and Durham City.

68 However, due to a positive shift with units being brought back into active use in some areas where longstanding vacancy was an issue this has resulted in less shop jackets being designed and installed.

69 Significant interest exists over the Meanwhile Uses and Shared Retail Space with nine units benefiting across areas in Newton Aycliffe, Durham City, Spennymoor. This has helped to create eight FTE jobs. Out of the nine who have received support, seven have continued to trade and remain within the units. Further interest is being expressed and explored with clients. This offer of support helps us to achieve our aim of bringing the vacancy rates down as well as providing the opportunity for retail to test trade.

Towns and Villages Vibrancy

70 Events and activities play a crucial part in the vibrancy of our towns, the project has continued to deliver a series of events to encourage footfall in our main centres including the expansion of Bishop Auckland food festival, the launch and growth of

Seaham Food Festivals and a programme of Town Centre Events and Activities developed and delivered Linking UKSPF funding (12 across main towns) plus 75th Anniversary of New Towns at Peterlee and Newton Aycliffe, as well as Spennymoor Family Fun Street Festival and Lunar New Year. The alignment of UKSPF resources will see a further 11 specialist markets/family fun events supported in 2024-2025.

71 Examples of success from these interventions can be demonstrated by footfall increases in Spennymoor during the Family Fun Event held 25th May 2024 which rose by 12%. Local businesses trading experiences are also collected with recent feedback including “We experienced a much higher volume of customers, cannot wait for further events to return to the town”

72 Specialist activity and events have continued linking with Funding from UKSPF to deliver a programme of 11 Specialist Markets across the County. The Consett Farmers Market, held on Saturday, September 14th, was a great success, with a 15% rise in footfall compared to the previous year which saw an additional 2,845 people visit. The market featured 17 vendors, operating alongside the current market stall holders, offering everything from fresh produce and honey to pet supplies, cheeses, and baked goods. With this catalyst local individuals have helped to support the current market provider to grow and develop this further, with a planned vibrant Christmas Market coming to Consett which will include approximately 80 stallholders ranging from food, gifts, crafts alongside entertainment.

Funding summary and future programme

73 Appendix 4 Table details Towns and Villages Programme Budgets and spend of **£13.5 million** to 1st September 2024, with **£15.8 million** committed and the remaining delivery budget of **£2.7 million**. A total of **£30.8 million** including additional match has been expended.

74 Appendix 5 Table details the budgets invested across County Durham Towns and Villages. Note this table does not include additional investment attracted to the Towns and Villages programme.

75 Appendix 6 details the delivery completed and proposed revised investment plan, with much of the remaining £2.7 million already linked to scheme design or awaiting confirmed delivery. The revised investment plan ensures that the council maximises the external funding available to its towns and villages and extend delivery to 2026/27, subject to ensuring external sources of funding are maximised.

76 The table below details the Projects requiring realignment. As outlined within the report there a minor number of projects with risks or change requests identified. This also reflects the successful delivery across some interventions such as the Neighbourhood Retailing and Retail Hub which outstrip available budgets moving forward, and a change in Retail, Leisure, and Hospitality sector needs. Without this agreement continuation of council support to the retail, leisure and hospitality sector in our towns and villages, alongside public realm improvements, will be unable to continue. Table below summarises the requests:

Theme	Budget	Strategy	Realign to	Justification
Digital High Street	£445,075	Realign	Retail Hub & Neighbourhood Retailing	To enable the continuation Business Grants, Meanwhile Uses Public realm improvements.
Community Housing	£647,973	Realign from 1/10/24	Retail Hub & Neighbourhood Retailing	Realignment due to lack of project progress with final extension provided 1/10/24
South Moor Improvements	£191,901	Realign	Retail Hub & Neighbourhood Retailing	Realignment due to lack of project progress. Considering a targeted approach to building improvement with property owner in South Moor. To enable the continuation Business Grants, Meanwhile Uses

Next Steps

77 The Towns and Villages programme has delivered significant improvements against its original aims of supporting the transformation of our main towns and residential areas.

78 The process of developing the programme through extensive consultations with local members, stakeholders and communities has not only identified a pipeline of schemes which have secured other sources of funding but has also shaped our approach to place based regeneration with the Inclusive Economic Strategy setting out a co-design approach to developing our future Strategic Place Plans.

79 This approach also aligns well with recent national programme guidance including the Long-Term Plan for Towns programme, through which Spennymoor will receive £20 million of regeneration funding over the next 10 years.

80 The pace of change and pressures on the operation of our main centres continues however, The North East Combined Authority is currently developing a suite of place based interventions alongside a mayoral commitment to establish a Town Centre commission. The experience of developing and implementing the Towns and Villages approach as a multi themed programme anchored in town centre regeneration will provide significant opportunities for learning and will help shape future strategy and funding.

Background papers

Towns and Villages Way Forward - DCC Cabinet December 2018

Towns and Villages Strategy- DCC Cabinet October 2020

Towns and Villages Investment Plan - DCC Cabinet February 2021

Towns and Villages Place Shaping – Approach to Regeneration of Buildings and Land– DCC Cabinet March 2021

Towns and Villages Economy, Enterprise Overview and Scrutiny July 2023

Towns and Village Environment Scrutiny Vulnerable Buildings Approach

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Appendix 1: Implications

Legal Implications

Durham County Council as lead authority has received a Memorandum of Understanding setting out UKSPF requirements and obligations.

The council must comply with subsidy control rules for administering and awarding grants.

Finance

The Towns and Villages budget was agreed alongside approval of the Investment Plan. This provides a core allocation of £20.8 million, and a £4.2 million allocation delivered by the Area Action Partnerships, in line with programme priorities.

There is no further request to the council for additional financial resource and this will see the council's commitment into activity extended beyond the expected programme lifecycle.

Developing cohesive packages of project activity at a local level has provided opportunities to secure additional external funding in line with programme objectives. During 2023/24 **£81.6 million** of public and external funding has been secured through programmes including UKSPF, REPF, Multiply, Long Term Plan for Towns.

Staffing

Currently one project post within the Community Economic Development Team is funded through the Towns and Villages programme. Programme delivery is generally undertaken by existing staffing resource.

The UKSPF programme does include funding for dedicated support, this has attracted internal experienced officers to secure personal development opportunities to grow their skills and experience, which has resulted in gaps in teams. This will be monitored moving forward with a view to attract and develop new posts through apprenticeships or new posts.

Consultation and Engagement

No identified implications at this stage. Independent project consultations are undertaken in line with established processes. The new co-design approach to be used is in line with the approach to developing strategic Place Plans as set out in the County Durham Inclusive Economic Strategy and Delivery plan.

The AAP investment plan was developed following several rounds of member and AAP discussions including full programmes of AAP engagement focusing on local needs and programme themes. Project teams continue regular engagement with AAP Boards and the Task and Finish groups.

Equality and Diversity / Public Sector Equality Duty

Public realm works are routinely designed following accessibility reviews.

The implications of the Public Sector Equality Duty are identified as a cross cutting theme throughout the UKSPF and aligned activity.

Climate Change

Interventions selected through the programmes may make significant contributions to both national and local net zero plans including the programme focus on reuse and repurposing of buildings including solar and energy, creation of new green spaces and improvements to town centre accessibility through enhanced walking and cycling opportunities.

Human Rights

There are no human right implications from the information within the report.

Crime and Disorder

Safety and security in our towns and villages are a focus of the programme ensuring buildings are protected, safe and well-lit areas to help support and mitigate potential ASB. Elements of Neighbourhood Retailing Improvements and the focus on addressing vacant property across the County include specific reference to addressing / designing out Anti-Social Behaviour.

Accommodation

None

Risk

Programme and Project risks will be identified and mitigated through both the development and delivery phase in line with existing capital project monitoring requirements. The Programme risks are reported through established governance structures.

Capital improvement projects identified, developed, and delivered are undertaken with agreement for future maintenance. This does provide an ongoing revenue maintenance commitment, however this is mitigated as improvement works will be undertaken to adoptable standards and therefore reduce imminent revenue implications following the completion of works. The result of works largely reduces revenue maintenance requirement, saving in the shorter / medium term due to reduced repairs requirements.

Procurement

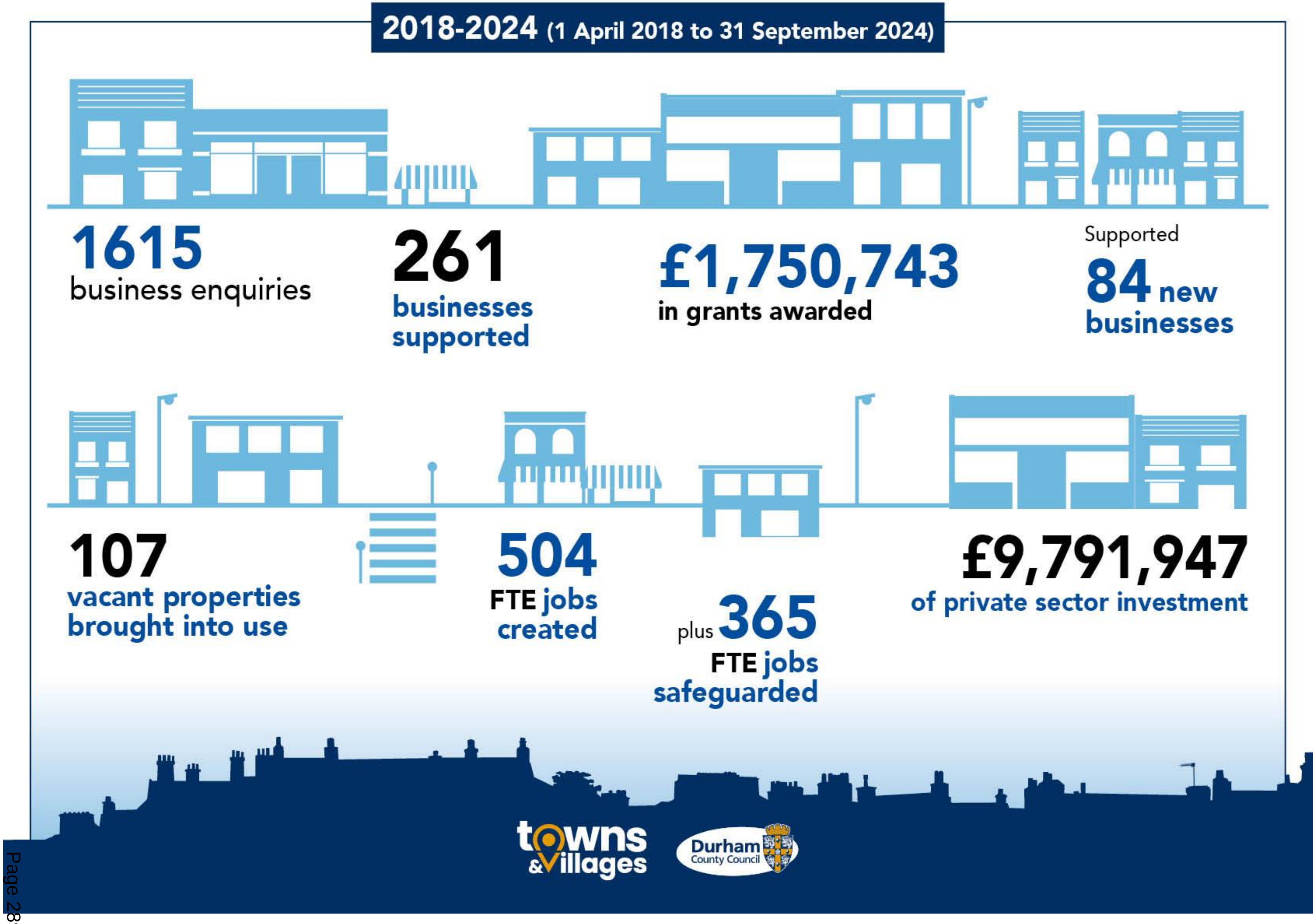
All activity will follow the council’s financial regulations and Contract Procedure rules.

Appendix 2: Additional Funding

Table details funding from UK Shared Prosperity Fund (UKSPF), Rural England Prosperity Fund (REPF), and Department for Levelling up Homes & Communities (DLUHC) Long Term Plan for Towns, S106, Cllrs Neighbourhood Budget, Area Action Partnerships, CYPS, Homes England, Chilton Green Energy Foundation CIC, Believe Housing, Livin, BEIS, NECA.

Funding Programme	**Investment Priority**	**Total £**
UKSPF	Supporting Local Business	13,750,000
	Communities and Place	7,430,618
	People and Skills	9,650,000
REPF		3,512,301
Multiply	Adult Numeracy Programme	2,800,000
DLUHC LTPT	Spennymoor	20,000,000
DCC		2,859,863
S106		175,031
Cllrs Neighbourhood Budget		37,897
AAP		72,469
CYPS		5,000
Homes England		300,000
Chilton Green Energy Foundation CIC		204,000
Believe		97,177
Livin		387,382
BEIS / Tees Valley Hub Dept Business, Energy & Industrial Strategy		15,828,589
NECA		4,500,000
Total Match		**£81,610,327**

Appendix 3: Towns & Villages Investment Infographic



2023-2024 (1 April 2023 to 31 March 2024)

339
business enquiries

49
businesses supported

£405,326
in grants awarded

Supported
24 new businesses

25
vacant properties brought into use

124
FTE jobs created

plus **177**
FTE jobs safeguarded

£2,082,994
of private sector investment

towns & villages

Durham County Council

Appendix 4: Towns & Villages Budget and Spend (as of August 2024)

Theme	Project	Towns & Villages Capital Allocation	Towns & Villages Revenue Allocation	Additional Match Funding	Total	Expended	Committed Budget	Remaining Delivery Budget
Strategic Investments	Digital High Street	575,000	200,000	20,920	795,920	274,510	76,335	445,075
	Retail Hub		300,000	0	300,000	134,379	165,621	0
	Neighbourhood Retail Improvements	2,750,000		70,106	2,820,106	1,837,540	TBI GOL 298,584 ITFA 420,141 Public Realm 263,841 = 982,566	0
	Towns and Villages Vibrancy		200,000	0	200,000	147,468	52,532	0
Housing and Community	Community Housing	650,000		0	650,000	2,027		647,973
	Housing Opportunities Fund	150,000		0	150,000	150,000	0	0
	Improving Community Resilience (inc. Redhills)	2,000,000		1,150,629	3,150,629	1,809,978	1,340,651	0
	Green Homes Fuel Efficiency	950,000		16,817,148	17,767,148	17,767,148	0	0
	Horden Regeneration	4,500,000		6,400,000	10,900,000	287,350	10,612,650	0
	Allotment Improvement	75,000		0	75,000	26,870	48,130	
Environment & Health	Enhanced Environmental Maintenance	500,000		0	500,000	476,836	23,164	0
Built Environment	Vulnerable Buildings	1,200,000	50,000	0	1,250,000	129,458	208,000	912,542
	Property Reuse and Conversion*	500,000		0	500,000	470,000	0	30,000
	Dean Bank Clearance and Improvement	150,000		-39,059	110,941	110,941		0
	Easington Colliery Programme	1,000,000	50,000		1,050,000	538,183	0	511,817
	South Moor Improvement	200,000		-371	199,629	7,728	0	191,901
	Sacriston Workshop Conversion	200,000		23,280	223,280	223,280	0	0
	Walking and Cycling Routes	3,750,000		6,500	3,756,500	1,718,581	2,037,919	0

Transport & Connectivity	Neighbourhood Parking and Circulation	850,000		18,255	868,225	525,804	342,451	0
Local Programme	AAP Area Improvement Fund	4,200,000		0	4,200,000	4,200,000		
Total		**24,200,000**	**800,000**	**24,467,408**	**49,467,408**	**30,838,081**	**15,890,019**	**2,739,308**

Appendix 5: Spend across County Durham Towns and Villages

Table shows the budget invested across County Durham Towns and Villages.

Approximate Geographical split of monies paid out (T&V)

Towns & Villages Programme	Total expenditure as of September 2024	3 Towns	4 Together	BASH	Chester-le-Street & District	Derwent Valley	Durham	East Durham	East Durham Rural	Mid Durham	Great Aycliffe & Middridge	Spennymoor	Stanley	Teesdale	Weardale
Digital High Street	£274,510			£55,358	£55,402		£4,632	£61,110					£45,458	£52,550	
Retail Hub	£134,379	£10,132	£6,783	£13,483	£18,835	£14,203	£13,862	£14,205		£9,288	£14,166	£9,287	£10,135		
Neighbourhood Retailing	£1,837,540	£252,862	£44,928	£73,403	£203,571	£233,239	£394,571	£249,113	£28,641	£76,986	£19,565	£130,775	£36,293	£42,150	£51,443
Towns & Villages Vibrancy*	£147,468	£6,405	£6,405	£21,406	£6,405	£6,405	£6,405	£32,278	£6,405	£6,405	£11,328	£18,406	£6,405	£6,405	£6,405
Vulnerable Buildings	£129,458				£3,795			£94,823		£10,840			£20,000		
Community Housing	£2,027			£2,027											
Property Reuse, Conversion & Improvement	£470,000			£150,000			£50,000	£170,000				£100,000			
Housing Opportunity Fund	£150,000			£150,000											
Enhanced Environmental Maintenance	£476,836	£28,206	£20,788	£34,459	£54,478	£33,617	£39,204	£105,369	£12,281	£45,717	£13,333	£39,217	£17,290	£15,268	£17,609
Allotment Improvement Programme	£26,870	£3,588	£1,838	£1,838		£5,340	£3,588	£1,839					£8,839		
T&V Walking & Cycling Routes	£1,718,581	£21,802		£206,625		£258,869	£91,598	£713,128	£32,742	£20,734		£206,625		£166,458	
Dean Bank Bernicia Environment Improvements	£110,942		£110,942												
Easington Colliery School	£538,183							£538,183							
Traffic Neighbourhood Parking & Circulation	£525,804	£37,959			£31,621		£80,255	£252,512					£123,457		
South Moor Development Site	£7,728												£7,728		
Sacriston Co-op Buildings Refurbishment Grants	£200,000				£200,000										
Improving Community Resilience (inc Redhills)	£1,323,699			£47,400	£53,250	£67,450	£515,098	£428,721	£60,000	£12,500		£19,280		£120,000	
Horden Housing Feasbility Plan	£287,350							£287,350							
Green Homes - Phase 1b & 2	£950,000	£12,825	£176,225	£163,400	£94,145	£110,675	£23,340	£135,565	£30,090	£18,555	£67,735	£21,090	£78,280	£27,075	
AAP Area Improvement Programme II**	£4,200,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000	£300,000
TOTAL	**£13,511,375**	**£673,779**	**£667,909**	**£1,219,399**	**£1,021,502**	**£1,029,798**	**£1,522,553**	**£3,384,196**	**£470,159**	**£501,025**	**£426,127**	**£844,680**	**£653,885**	**£729,906**	**£375,457**

Total payment split approximately across identified AAP areas

Spend across geographical areas

Committed places in development/designs/fees/publicly announced

*Reduction in Vibrancy spend due to UKSPF intervention

** AAP funding based on £210k investment & revenue

Appendix 6: Towns and Villages Revised Investment Plan

Programme Delivery & Planned Delivery

Theme	Project	21/22	22/23	23/24	24/25	25/26
Strategic Investments	**Town and Village Vibrancy** **High Street**	Bishop Auckland Food Festival Seaham Food Festival Durham Book Festival S&DR community engagement Digital Library development	Bishop Auckland Food Festival, Seaham Food Festival Creative Economy Dev Digital Library Delivered Activities, Festivals and Events across all main towns "Winter Wonders" Oct – Dec Durham City Christmas Festival	Bishop Auckland & Seaham Food Festivals Programme of Town Centre Events and Activities developed and delivered Linking UKSPF (12 across main towns) plus 75th Anniversary of New Towns at Peterlee and Newton Aycliffe Spennymoor Family Fun Street Festival Luna New Year	Bishop Auckland & Seaham Food Festival, 12 Main Towns Winter Wonders Linked to UKSPF Funding Procure analytics solution throughout 11 centres to provide visitor demographics alongside footfall. Place Infomatics contracted.	Continue Continued Programme Bishop Auckland & Seaham Food Festival, 12 Main Towns Winter Wonders Linked to UKSPF Funding Continued data contract
Housing and Community	**Community Housing**	Discussions took place with; Durham Action on Single Housing (DASH) Craghead Development Trust Oakenshaw Community Association Canney Communities	East Durham Community Initiatives (EDCI) completed.	Canney Hill Bishop Auckland Further Community housing schemes being considered Croook		10 Training Courses to be delivered: Digital media Emergency First Aid Food Safety
	Housing Opportunities Fund	Interventions in Targeted Delivery Plans areas	Shildon Peoples Centre converted to 4 x 1-bedroom Flats Coundon Grange 3 bungalows refurbished back into use	COMPLETE		
	Improving Community Resilience	Houndsgill Viaduct Scheduled Monument Project feasibility. Peterlee & Horden Rugby Club Community Building	P&HRC Planning Approved, funding dev. Lowes Barn New Build Redhills Revealed GOL	Delivery; Peterlee, Alington House, Cotherstone Chapel, Woodhouse Close, All Saints, Brandon, Shotton Youth Club, St Pauls, Redhills Revealed	13 Schemes ref report over 2 years; Belmont, Laurel Avenue, Blackhall, Peterlee, Chilton, Consett, Cornforth, Delivery across both years 24/26: Thornley, Shildon, Cornforth, Annfield Plan, Pelton, Stanley, West Auckland, Framwellgate Moor, Ushaw Moor, Sherburn Road,	Continue implementation Easington, Esh, Middleton in Teesdale, Nettlesworth, Shildon, Stanhope, Upper Teasdale, Burnmoor Continue implementation
	Green Homes Programme (External Wall Insulation Installs)	300 Properties/ EWI's complete	1846 Properties benefitted including solar phot voltaic panels, renewable heating	COMPLETE		

Theme	Project	21/22	22/23	23/24	24/25	25/26
Housing and Community	**Horden Regeneration Programme**	Identify investment priorities through masterplan. Commence acquisition and clearance of targets/problem properties	Undertake site assembly and marketing	Preparation and finalisation of Acquisition and Demolition Strategy and Decant Strategy. Autumn 2023 Cabinet, which will seek approval for the proposed delivery approach, CPO approach and the acquisition and demolition of properties.	Planning application to be prepared and submitted. Acquisition of properties by negotiation will continue. Subject to approval, demolition of properties can be expected in Q4 of 24/25 and Q1 25/26	Continue implementation
	Allotment Improvement Programme	/	/	Grant Scheme Launched 3 allotment improvement schemes supported (Shield Row, East Stanley, Newton Hall)	Support and implement 10 allotment improvement schemes	Support and implement 11 allotment improvement schemes
	AAP Small Area Improvement Fund	Engage with 28 AAPs and deliver 28 schemes, identifying Small Area Programme opportunities	Delivery of AAP Small Area improvement schemes	Delivery of AAP Small Area improvement schemes	Programme complete	Programme complete
Environmental and Health	**Enhanced Environmental Maintenance**	Deliver environmental improvement programme aligned to neighbourhood retail programme and targeted delivery plan areas	Delivered environmental improvements in 14 Areas	Delivered 15 environmental improvement programme aligned to neighbourhood retail programme and targeted delivery plan areas	Continue to deliver 11 environmental improvement projects	
Built Environment	**Vulnerable Buildings**	Address 3x priority buildings Stanley/Shildon, 2x buildings in Chester-le-Street	20 properties being brought back into use. 10 with Action Taken	3 priority properties underway	5 priority properties	5 priority properties Continue implementation
	Property Reuse and Conversion	5 Loans approved	3 Loans approved	1 Loan approved. 2 assessments underway	Continue to review repayment of loans and target 2 loan approvals	Continue to review repayment of loans and target 2 loan approvals
	Dean Bank Clearance and Improvement	Conclude landscaping of recent clearance sites.	Demolition of 36 properties, landscape solution completed	COMPLETE		

Theme	Project	21/22	22/23	23/24	24/25	25/26
Built Environment	**Easington Colliery Programme**	Complete demolition programme at former Colliery School	Completed phased programme of clearance. Review End use ref pocket park see report	Develop end use solution underway	Delivery or facilitate end use solution	
	South Moor Improvement Programme	Improve key problem site and vulnerable property	DCC CCS developing design solution. Landowners' permissions now in place.	Costs and delivery delayed	Costs and delivery due to take place	Continue implementation
	Sacriston Workshop Conversion	Improvements to Sacriston Coop Buildings, Workshops 4,5 & 6 completed to Coop Buildings	2 further units brought back into use creating 5 independent spaces. CLLD Match funding attracted supporting 4 units	Support to CIC to attract external funding to complete empty units remaining potential UKSPF		
Transport and Connectivity	**Walking and Cycling Routes**	Audit of opportunities along the Weardale Way Enhanced walking and cycling linked to Stockton and Darlington Railway 200th anniversary.	Railway Paths upgrades commenced Auckland Walk (Spennymoor to Coundon). NCN1 East Durham to Pesspool Wood to Wingate and Hart.Waskerley Way	Feasibility/design and delivery continues: NCN 1 Haswell, Wingate, South Hetton Waskerley Way, Auckland Walk. Feasibility/design in progress: NCN1 Seaham Town Centre to Ryhope Murton to Dalton Park link. Relley Bridge, Barnard Castle to Bishop. C2C Consett	Delivery continues from programme feasibility outlined in 23/24: NCN1 upgrade; C2C Consett complete, Brandon to Bishop Auckland complete, Waskerley Way to Whithall complete. NCN14 to Hart ongoing, Hownsgill Viaduct feasibility, NCN1 Seaham town centre feasibility NCN1 Seaham to Ryhope, Murton to Dalton Park signage and link planned by March	Relley Bridge and Brandon subject to feasibility East Durham rural corridor Trimdon to Coxhoe not feasible. Fishburn to Holdforth Bridge alternative creating new bridleway Alternative schemes to be brought forward in line with budget.
	Neighbourhood Parking and Circulation	Easington Village Parking/ Traffic project Identification and design of four parking and circulation schemes Parkside Traffic Improvement scheme	Delivered Willington Car Park, Sherburn Hill Hub, Sacriston, Crook	Delivery in Shildon, Shotten Colliery, Wheatley Hill, Framwellgate Moor, Annfield Plain. Ash Crescent Seaham legal, Blackhall Colliery in design.	Delivery in Ash Crescent Seaham, Blackhall Colliery, Annfield Plain, Newton Hall.	Continue implementation

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 10

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