



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 15 January 2025**. The decisions will come into force and may be implemented from **Monday 27 January 2025** unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan(15) 2025/26 – 2028/29 (Key Decision: CORP/R/2025/001)

Summary

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the development of the Council's Medium Term Financial Plan (MTFP (15)), which covers the four-year period from 2025/26 to 2028/29, and the development of the underpinning revenue budget assumptions.

These assumptions have been updated following more detailed analysis of the announcements made in the Chancellor of the Exchequer's Autumn Budget Statement on 30 October 2024, and the publication of the provisional Local Government Finance Settlement on 18 December 2024.

Several changes have been made to the Council's financial planning assumptions, which will need to be reflected in the final budget report that will be presented to Cabinet on 12 February 2025, in advance of full County Council considering and approving the Council's budget and MTFP on 19 February 2025, where final decisions will be made. The updated financial planning assumptions are set out in detail in the report.

On 4 December 2024, Cabinet considered a report which set out the latest financial forecasts and assumptions underpinning the development of the 2025/26 budget and the Medium-Term Financial Plan (MTFP (15)). The report highlighted the initial assessment of the impact of issues arising from the Chancellor's Autumn Budget Statement, published on 30 October 2024. The December report highlighted that there were significant uncertainties over the Council's funding position for 2025/26, which would only be clear once the provisional Local Government Finance Settlement was published, and that a number of updated cost assumptions were still being worked on – most significantly the impact of the announced changes in Employer's National

Insurance Contributions (ENICs) on both the Council and on its key supply chain contracts.

The financial forecasts presented to Cabinet on 4 December 2024 continued to assume an annual 2.99% increase in the Council's Core Council Tax charge, every year across the MTFP(15) planning period, on the basis that there had been no confirmation of the continuation of the Adult Social Care precept. It also set out a range of new savings proposals, building on the savings that were agreed in February 2024 for the period between 2025/26 to 2027/28.

The financial forecasts presented to Cabinet on 4 December 2024 indicated a budget deficit / additional savings requirement in 2025/26 and for each year across the MTFP(15) planning period. The position at that time is set out in the table below:

| | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | TOTAL £'000 |
|---|------------------|------------------|------------------|------------------|----------------|
| MTFP(15) Forecast Budget Deficit / Savings Requirement – 4 December 2024 – based on a 2.99% increase in Council Tax | 25,615 | 18,912 | 12,455 | 12,806 | 69,788 |
| MTFP(15) Additional New Savings proposals presented on 4 December 2024 | (14,654) | (667) | (515) | 1 | (15,836) |
| Budget Gap after proposed new additional savings measures MTFP(15) | 10,960 | 18,245 | 11,940 | 12,807 | 53,952 |

On 28 November 2024, after the December Cabinet report had been published, the Government published a Local Government Finance Policy Statement, which provided an outline of the Government's intentions to allocate funding for 2025/26, and their plans for reviewing how local government financial resources are distributed from 2026/27.

The provisional Local Government Finance Settlement was published on 18 December 2024. The timing of the publication of the settlement is in line with previous years, just before the House of Commons rises for the Christmas Break, which makes financial planning and decision making very challenging. The settlement continues a recent trend, of it just covering a single year period, which makes planning beyond 2025/26 difficult – even more so this year given the proposal to fundamentally change the way funding is allocated from 2026/27 onwards.

The updated MTFP(15) forecasts set out in the report reflect various amendments arising from the provisional Local Government Finance

Settlement and announcements emerging following the Local Government Finance Policy Statement. The broad implications of these announcements are an increase in the funding available to the Council in 2025/26 and additional council tax raising powers for adult social care, which will largely offset required increases in some of the previous MTFP planning assumptions on expenditure and the new budget commitments set out in the report and reduce (but not eradicate) the call on reserves to balance the budget next year.

A summary of the key announcements in the provisional Local Government Finance Settlement and their implications on the Council's budget and MTFP(15) planning assumptions are set out below:

- (i) Core Spending Power (CSP) for English local authorities will increase by 6.0% nationally in 2025-26, representing a 3.5% real term increase, or £3.9 billion increase in spending power (inclusive of assumed Council Tax increases). The £3.9 billion increase in spending power includes £2 billion in additional grant for local government. This is £700 million more than was announced at the Autumn Budget Statement and through the Local Government Finance Policy Statement. The increase brings available local government funding to £69 billion. The provisional Local Government Finance Settlement states that it is guaranteed that no council will see a reduction in their Core Spending Power after taking into account any increase in Council Tax levels.
- (ii) In 2025/26 this Council's Core Spending Power will increase by 8.2% - assuming council tax is increased by 2.99% next year (yielding circa £8.7 million) and the adult social care precept of 2% is levied (yielding circa £5.8 million). It is very important to note that this rise in core spending power in no way meets the increase in spending requirements of the Council – the majority of which relates to the provision of statutory social care services and other inflationary or demand led pressures.
- (iii) A new Recovery Grant (totalling £600 million nationally) is being made available in 2025/26, to start the process of redistributing resources within the local government finance system to local authorities who are challenged by high levels of deprivation and low council-tax raising ability. This additional funding is to be distributed using the Index of Multiple Deprivation (IMD), 2023 Population data and factors favouring councils who are disadvantaged by their relative council-tax raising ability. Many councils will receive no Recovery Grant whatsoever. County Durham has been allocated £13.851 million (2.3% of the £600 million national pot).
- (iv) In the Autumn Budget Statement, the Government announced an increase in the Social Care Grant and the provisional Local Government Finance Settlement confirmed that the increase in funding nationally will be £880 million next year. This is £200 million higher than was

announced in the Autumn Statement and in the Policy Statement. More significantly, a proportion of this additional funding (£240 million) has been adjusted and equalised to reflect the varying abilities of councils to generate increased income from the adult social care council tax precept. In 2025/26 the Council will receive an additional £11.979 million, which is nearly £5 million more than what was expected previously. However, this extra funding is still outweighed by the significant additional costs for Adult Social Care and Children's Looked After placements next year, which are outlined in more detail in the report and are estimated to total £34.486 million next year alone.

- (v) A new grant called the Local Authority Better Care Grant has been created, which is essentially a combination of the previous Improved Better Care Fund, and the Adult Social Care Hospital Discharge Fund (£500 million). The total national allocation of this funding is £2.693 billion. The Council will not receive any additional net funding, however there are likely to be less restrictions on the share of this funding which previously related to hospital discharge funding (our share of this in 2024/25 was £7.2 million) and therefore gives more flexibility on how we use this funding to improve outcomes across Adult Social Care going forward.
- (vi) The Market Sustainability and Improvement Fund (MSIF) has been retained and remains cash flat from 2024/25 funding levels at £1.050 billion nationally. The distribution also remains unchanged. In the 4 December 2024 MTFP(15) report, we were assuming the Council would be able to build in an additional £2.3 million of MSIF funding into the base budget next year. The MTFP(15) model has been updated to reflect no additional funding will now be received for this grant.
- (vii) The Government has announced a new specific grant – the Children's Social Care Prevention Grant – which is intended to allow local authorities to identify additional solutions to manage demand and cost pressures in children's social care provision. The grant is £250 million nationally in the provisional settlement and will be uplifted to £263 million in the final settlement. This new grant has been distributed using an interim children's relative needs-based formula. The Council's share of this is grant £2.763 million, which provides welcome additional funding to meet essential additional costs associated with the Durham Care Strategy which is currently being prepared. This funding was not announced in the Autumn Budget Statement, but was subsequently referenced in the Policy Statement, and was therefore not included in the 4 December Cabinet report.
- (viii) Council Tax increases have been confirmed as 2.99% for Core Council Tax (yielding circa £8.7 million), and 2.00% for an ASC Precept in 2025/26 (yielding circa £5.8 million) – totalling a maximum permitted increase of 4.99% in council tax without recourse to holding a local

referendum or seeking special dispensation from the Secretary of State to raise council tax above 5%. The 4 December 2024 Cabinet report was predicated on a 2.99% increase in core council tax in 2025/26 and in subsequent years of the MTFP(15) planning period. The Government have indicated that they expect social care authorities to apply the Adult Social Care Precept, and the report sets out the Corporate Director of Resources' intention and recommendation to seek approval by Cabinet and Council in February to increase council tax by 4.99% in 2025/26. The inclusion of the additional 2.00% Adult Social Care Precept would allow the Council to generate an additional £5.8 million of council tax funding to support the balancing of the Council's budget for 2025/26 and reduce the reliance on reserves next year. The Policy Statement and the provisional Local Government Finance Settlement announcements provided no clarity on whether the Adult Social Care precepts would be allowed beyond 2025/26 so the MTFP(15) planning assumptions remain unchanged beyond 2025/26 at this stage (assuming a 2.99% increase in council tax between 2026/27 and 2028/29).

- (ix) The Domestic Abuse Safe Accommodation Grant (£1.216 million in 2024/25, representing the Council's share of the national funding of £160 million) has now been included within Core Spending Power. Previous years allocations to the Council have been adjusted to reflect how this funding will be accounted for. In 2025/26 there will be an increase in this funding of £30 million nationally, which will equate to an additional £0.300 million of funding being allocated to the Council. This funding will be fully committed by the Council to fund related activity undertaken by Adult and Health Services to support victims and survivors of domestic abuse.
- (x) The Government have announced a further and final instalment in 2025/26 of New Homes Bonus. The national allocations are at the same overall level nationally as they were in 2024/25 (£290 million). This has provided the Council with circa £1.5 million of additional New Homes Bonus funding compared to 2024/25 due to the changes in our tax base over the last year relative to other councils. This extra funding was not anticipated in the 4 December 2024 cabinet report, due to uncertainty around the continuance of this funding stream and the fact that the council's tax base relative to other councils' tax base growth was not known.
- (xi) The Government have withdrawn the Rural Services Delivery Grant (of which the Council does not receive any share in 2024/25) and the 'Services' grant from 2025/26. This was announced in the Policy Statement but was not clear in the Autumn Budget Statement. The deletion of this funding will result in a drop in funding to the Council of nearly £0.889 million for the Services Grant in 2025/26.
- (xii) Various specific grants currently received by the Council, have been

rolled into the Revenue Support Grant. These grants total £2.5 million and will have a net neutral impact on the Council's funding position as the additional Revenue Support Grant we will receive is equal to the specific grants that have been rolled in. The Council will receive an inflationary uplift for Revenue Support Grant of £0.586 million in 2025/26. The MTFP(15) planning assumptions now include a CPI uplift in the Revenue Support Grant in 2026/27 and for later years. The inflationary uplift for Revenue Support Grant next year has been offset by a comparative reduction in our assumptions for the overall uplift for top-up grant funding and compensatory indexation for Business Rates funding in 2025/26 relating to Business Rates.

- (xiii) The Government has announced funding of £515 million nationally to compensate authorities for the increase in Employer National Insurance Contributions (ENICs) on directly employed staff, but allocations will not be confirmed until the final Local Government Finance Settlement is published in late January / early February 2025. The £515 million national allocation has been determined based on local government's share of the "directly employed staff across the public sector". Government will use each authority's share of Net Current Expenditure (NCE) for 2023/24 for all local authorities to distribute the £515 million. The core data is not available and individual allocations have not been published. The £515 million will also be used to fund fire authorities and combined authorities. The Council's share of this funding is estimated to be £4.744 million, which is £1.256 million less than our assumptions in December, and £3.496 million less than the estimated costs of employer national insurance costs the council will incur next year, so the funding being made available is likely to only cover 57% of the costs we will face next year.
- (xiv) Local authorities have now been individually notified of their Extended Producer Responsibility (EPR) allocations, which are to be used to fund additional expenditure associated with collecting, managing, recycling and disposing of separate streams of household waste. The Council's EPR allocation is £9.8 million. A national summary of the allocations to individual authorities will not be published. This funding is not included in the Council's Core Spending Power allocations. DEFRA have issued some updated guidance which will result in a fundamental and significant change to our proposals for Food Waste Collection in 2026/27 and will likely result in changes to how other types of household and trade waste are collected. In the latest MTFP (15) model we have built in the £9.8 million of EPR income, and used this to fund new budget commitments for Persistent Organic Pollutants (£0.250 million) and for additional waste disposal costs (£0.500 million) next year with the balance (£9.050 million) expected to be required to fund the required changes to waste collection and recycling arrangements in line with the updated DEFRA guidance.

- (xv) The Council has been notified of additional Homelessness and Rough Sleeping Funding for 2025/26 totalling £1.149 million, increasing the specific grant funding we will receive next year to £4.340 million. This funding will be used on targeted interventions to prevent homelessness, as well as the provision of temporary accommodation to alleviate the significant increase in demand which the Council has seen for this service. The Council's budgeted costs for temporary accommodation have been funded from the additional funding that will be received.

A range of previous cost assumptions have been updated since the 4 December 2024 Cabinet Report and the report sets out details of additional budget pressures that will need to be accommodated next year. A broad summary of the updated cost assumptions is outlined below:

- (i) The Council has refreshed and updated the estimates for the full impact of the Employers National Insurance Contribution changes. The full impact of the employer national insurance changes, excluding schools-based staff, is now estimated to be £8.240 million (inclusive of the assumed 3% pay award next year), an increase on previous assumptions of £2.240 million. This increase more accurately reflects the expected impact of the National Insurance increases across all council staff groups, including those staff involved in delivering the capital programme. The costs of the Employers' National Insurance Contribution changes are £3.496 million more than the additional grant funding being provided – with other authorities reporting similar shortfalls in terms of the costs versus grant being provided, which would call into question the overall quantum of funding being made available nationally.
- (ii) A more detailed analysis of the impact of Employer National Insurance increases on adult social care providers has been undertaken, alongside the need to reflect a recent rebound in the level of consumer prices indexation, which will result in higher adult social care costs from 2025/26. These updated assumptions have added an additional £2.322 million in costs over and above the assumptions presented in the 4 December 2024 Cabinet report, with the budget growth for fee uplifts now £16.876 million in 2025/26. The increase in the 2025/26 budget has also resulted in increases in the forecast additional costs in 2026/27 and beyond.
- (iii) Additional demographic pressure in adult social care have emerged during the second half of 2024/25, relating to an increase in demand for older people's care provision, which has resulted in additional demographic growth provision of £1 million being added into the latest MTFP(15) forecasts for 2025/26.
- (iv) Additional expenditure funded by the additional ring-fenced Domestic Abuse Grant of £0.300 million has been added into 2025/26.

- (v) Looked After Children placement budgets have been uplifted by an additional £2.881 million, to reflect a further rising trend in external residential and residential placements, anticipated increases in the rate of national fostering allowances and the impact of rising Employers National Insurance contribution costs for external residential children's social care providers. The required budget growth in Looked After Children placement costs in 2025/26 is now estimated at £16.610 million.
- (vi) Additional expenditure, funded by the new ring-fenced Children's Social Care Prevention Grant of £2.763 million, has been included in 2025/26. This additional spend will support a number of initiatives to help address rising demand and cost pressures in Children's Social Care costs, as part of the Children's Placement Sufficiency Strategy 2 that will be presented to Cabinet in March 2025.
- (vii) Additional budget provision of £0.375 million has been included for costs associated with Home to School Transport over and above the additional growth outlined for this area in the 4 December 2024 Cabinet report. The additional budget provision is linked to the estimated impact of the Employer National Insurance Contributions that will be passed onto the Council. The budget uplift in 2025/26 has been increased to £2.966 million in total.
- (viii) Additional waste collection and disposal costs of £9.800 million have been added to reflect the additional anticipated costs arising from the new Extended Producer Responsibility Legislation, additional waste disposal inflationary and volume costs which have emerged during 2024/25 and the costs of disposing of furniture which contains Persistent Organic Pollutants.
- (ix) Additional budgetary growth for vehicle fleet fuel costs (£0.300 million) and rising depot repair and operating costs (£0.330 million) have been added to the 2025/26 budget – reflecting overspends in these areas in 2024/25.
- (x) An adjustment has been made to the assumed achievement of an MTFP(14) savings target relating to Clayport Library, with an extra £0.200 million being added in 2025/26 to cater for the continued running costs of this facility next year until the planned review is completed.
- (xi) Additional growth of £0.450 million has been added into 2025/26, reflect the overspending in 2024/25, relating to income generation and operating costs of the transformed leisure centres not been in line with the business case modelling that underpinned these developments. This budgetary growth provision is required in order to be able to set a balanced budget next year.

- (xii) Additional budgetary growth associated with the new homelessness funding is included, with £0.749 million added into the base budget to reflect the estimated additional and new spend required to meet the terms and conditions of this grant. The budget growth is £0.400 million less than the uplift in the grant, which reflects the base budget for Temporary Accommodation, which it is assumed can be funded from the Homelessness and Rough Sleeping Funding for 2025/26.
- (xiii) A new time limited budget growth allocation of £3.000 million has been added in 2025/26, which will be withdrawn in 2028/29, and which reflects the investment needed in the Council's Transformational Change capacity to support the Council to redesign and transform the way it delivers services to modernise provision and to seek to achieve savings and efficiencies over the next three years. It is important to note that transformation initiatives will focus on demand management and limiting budget pressures in areas such as social care, as well as considering opportunities for delivering budget savings through new ways of working and technological advances.
- (xiv) A new additional budget growth allocation of £0.150 million has been added to fund the additional resources required to support the Aykley Heads Joint Venture arrangements over the next ten years.
- (xv) The capital financing budget to support required borrowing to fund the current MTFP(14) Capital Programme commitments has been increased, with a further £1.000 million added to the 2025/26 budget, increasing the MTFP(15) financing budget to £12.014 million. This increase is required as the borrowing rates from the Public Works Loan Board will remain above 5.00% for much of 2025/26 (compared to previous MTFP(15) assumptions which assumed that borrowing rates would drop to 4.5% by 2025/26 – which is now looking increasingly unlikely).

The updated summary Medium-Term Financial position factoring in the above changes is summarised as follows:

| | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 | TOTAL £'000 |
|--|------------------|------------------|------------------|------------------|----------------|
| MTFP(15) Budget Deficit After MTFP(15) Savings Proposals – 4 December 2025 | 10,960 | 18,245 | 11,940 | 12,807 | 53,952 |
| MTFP(15) Budget Deficit After MTFP(15) Savings Proposals – 15 January 2025 | 3,184 | 20,079 | 12,308 | 10,207 | 45,778 |
| Change in MTFP(15) Forecasts | (7,776) | 1,834 | 368 | (2,600) | (8,174) |

The updated MTFP(15) forecasts assume that the £15.836 million of new savings proposals set out in the 4 December 2024 Cabinet report, which are currently being consulted on, with £14.654 million profiled into 2025/26, are agreed and delivered next year and that the Council agrees to increase the Council Tax by 4.99% next year.

There remains a budget deficit of £3.184 million next year and a forecast budget deficit / additional savings requirement across the MTFP(15) planning period of £45.778 million which will require further savings to be found to ensure the Council can balance its budget.

The improved position next year is largely as a result of the inclusion of a 2.0% Adult Social Care precept in 2025/26, which will generate circa £5.8 million of additional Council Tax revenues next year. The balance (£1.976 million) is the difference between the additional costs that have been factored into the forecasts as a result of the updated budget assumptions (£27.861 million) and the additional grant income that is now forecast (£29.837 million) – of which, £15.435 million (52%) is specific grant funding.

Without the delivery of the £18.043 million of savings that are currently factored into the 2025/26 budget planning (inclusive of the previously agreed savings in MTFP(14)), the Council would be £21.227 million short of balancing its budget next year. This is because the cost pressures that need to be accommodated next year exceed the grant funding we will receive and the additional revenues that can be generated from a 4.99% council tax increase.

Whilst the £3.184 million budget deficit next year is an improved position when compared to the forecasts set out in the 4 December 2024 report, there remains a significant concern over the budget deficit in 2026/27 of £20.078 million, which will create a cumulative gap of £23.263 million once the 2025/26 shortfall is carried over. Achieving savings of this scale will require the implementation of a series of reviews and a corporate transformation programme. Inevitably there will need to be some fundamental changes to the services the Council provides given the savings the council has already delivered since 2011/12 which total £270 million.

This position could change depending on the outcome and timing of the Government's commitment to implement a Comprehensive Spending Review and Fair Funding Formula reforms in local government from April 2026. Whilst the formula funding changes being implemented next year are most welcome (with regards to the distribution of the additional funding being made available), as is Government's stated commitments to this being the first step in redistributing funding on a more equitable basis (by placing more emphasis on deprivation and council tax raising capacity), the impact of this and how this would be implemented are unclear at this stage.

There has been significant concern expressed in some parts of the sector who

have been more disadvantaged by the changes being implemented in 2025/26, and there is likely to be significant lobbying from some representative bodies to try and reverse this policy position and ensure the pace of change and transitional protection is protracted. It cannot therefore be assumed at this stage that the Council's underlying funding position will radically improve in 2026/27, and prudent financial planning for further savings to the scale set out in the report needs to continue.

The savings proposals as set out in the Cabinet Report on 4 December 2024 continue to be consulted on and the outcome of that consultation will be set out in the February budget reports, where decisions on whether to propose the savings for adoption as part of the budget report to Council on 19 February 2025 will be taken. The updated MTFP planning assumptions set out in the report assume that the Council will be asked to approve a 4.99% rise in Council Tax for 2025/26, in order to support the balancing of the 2025/26 budget.

The updated MTFP(15) financial forecasts are attached at Appendix 2 of the report and the report contains an explanation of the underpinning financial planning assumptions that support these financial forecasts and the various changes to the assumptions compared to the previous Cabinet report on 4 December 2024 (which are summarised in Appendix 3 of the report).

Alongside the Provisional Local Government Finance Settlement announcements on 18 December 2024, the Government published a consultation document on the Fair Funding Reforms for 2026/27 onwards. The consultation runs to 12 February 2025, and the Council will provide a robust response to this consultation and will participate on any collective regional response that is developed. The tenure of the Council's response will be to support the policy objectives as currently articulated with regards to addressing the inequities in the current system caused by council tax raising capacity, the lack of a business rates reset and the need to properly reflect relative needs and local authority cost drivers in the formula and funding allocations.

Decision

The Cabinet

- (a) noted the content of the report and the updated 2025/26 budget and MTFP(15) budget planning assumptions / forecasts, which factor in the impact of the Provisional Local Government Finance Settlement published on 18 December 2024.
- (b) agreed that the updated 2025/26 budget planning is predicated on a 2.99% increase in council tax and a 2% increase in the Adult Social Care precept, with a 2.99% increase expected in each year

thereafter.

- (c) noted that the updated financial position assumes the implementation of planned savings totalling £18.043 million next year and £23.163 million across the four years of the MTFP(15) planning period.
- (d) noted that there is a forecast budget deficit of £3.184 million in 2025/26 that will require the use of reserves to balance the budget in 2025/26.
- (e) noted that the MTFP deficit / additional savings requirement across the MTFP(15) planning period is now £45.778 million.
- (f) noted the commencement of a government consultation on the funding reforms in 2026/27, which was published on 18 December 2024, and closes on 12 February 2025, and that the Council will provide a response to this consultation and will participate on any collective regional response.

**Proposal to Amalgamate Horndale County Infant and Nursery School with St Francis C of E (Aided) Junior School on 1 September 2025 to become a newly named all through C of E (Aided) Primary School
(Key Decision: CYPS/2025/001)**

Summary

The Cabinet considered a report of the Corporate Director of Children and Young People's Services which sought approval to amalgamate Horndale County Infant and Nursery School and St. Francis C of E (Aided) Junior on 1 September 2025 to create a newly named all through C of E (Aided) Primary School taking account of the Local Authority's duties as prescribed in the Education and Inspections Act 2006 to secure sufficient places and to ensure good outcomes for all children and young people in the local area.

Horndale County Infant and Nursery School is located in Newton Aycliffe, providing education for children aged between 3 and 7 years old. It is a community school maintained by the local authority. In October 2022, the school received a 'Good' rating from Ofsted. Its numbers have been declining over a number of years and the school featured in the 12 July 2023 Cabinet report - Maintained Schools Budget Plans and Permission to Set Deficit Budgets.

Horndale County Infant & Nursery School required over £45,000 in financial support to address the deficit issues from 2023/24 and to set a budget for

2024/25 that is forecast to bring the reserves back into surplus. This has been made possible through the DfE school deficit grant, which was a one-off allocation for last year. It is not sustainable to rely upon future grants to balance the school's budget.

St. Francis Church of England (Aided) Junior School is located adjacent to the Horndale building, sharing vehicular entrances and car parking spaces. The school provides education for children 7-11 years old. It was rated Good in its last Ofsted Inspection which took place on 12 June 2024.

St Francis C of E (Aided) Junior School is in a good physical condition with no immediate capital priorities, it currently has surplus places allowing some of the classes from Horndale school to be accommodated on the main school site.

Newton Aycliffe is served by a number of primary schools which makes parental/carer choice very wide and strong. All of the nearby schools are 'Ofsted' Good, and the majority have surplus places. They include RC diocesan primary schools under Bishop Hogarth and seven other all though primary schools all within a 2 mile radius.

In a report dated 29 May 2024, relevant background information on Horndale County Infant and Nursery School and St. Francis C of E (Aided) Junior School, was provided, to enable a full understanding of possible options for the future provision of education in the part of Newton Aycliffe where the two schools are located.

It was agreed by the Corporate Director on 5 June 2024, to use delegated powers to agree the start of a proposal to amalgamate Horndale County Infant and Nursery School and St. Francis C of E (Aided) Junior on 1 September 2025 to create a newly named all through C of E (Aided) Primary School.

Following the completion of the initial consultation process, the Corporate Director of Children and Young People's Services approved the issuing of a statutory notice proposing to amalgamate Horndale County Infant and Nursery School and St. Francis C of E (Aided) Junior on 1 September 2025 to create a newly named all through C of E (Aided) Primary School.

As a result of the outcome of this consultation process the Governing Body of St Francis C of E (Aided) Primary school approve the proposed change in age range and agree to the Local Authority issuing the statutory proposal (from the Governing Body) on their behalf.

The statutory notice was issued on 4 November 2024. During the 4-week statutory representation period, no comments were received.

As part of the statutory process there are a range of factors that must be considered by Cabinet as the decision maker. These are covered in

paragraphs 31 to 37 of the report.

Decision

The Cabinet agreed to amalgamate Horndale County Infant and Nursery School and St. Francis C of E (Aided) Junior School on 1 September 2025 to create a newly named all through C of E (Aided) Primary School.

Draft Council Plan 2025-2029 (Key Decision CORP/R/2025/003)

Summary

The Cabinet considered a report of the Chief Executive which presented the draft refresh of the Council Plan for the four-year period 2025-2029 before it is submitted to Council for approval.

Although, our council plan spans four years, we review it every year. This is to ensure it remains relevant, within budget and to timescale.

We started this review with a seven-week service engagement and public consultation exercise. A summary of feedback received, and our responses is presented in Appendix 2 of the report.

Having considered responses from our services, councillors, staff, partners, and the public, we were able to draft a Council Plan for 2025-29. Attached at Appendix 3 of the report.

Once the Local Government Finance Settlement has been confirmed (expected December), we will be able to update the finance sections of our plan. However, this will not be until January.

Approval of the refreshed Council Plan by Council is scheduled for 19 February 2025.

Decision:

The Cabinet

- (a) Noted the feedback from the consultation and our responses in Appendix 2 to the report.
- (b) Considered the content and format of the draft Council Plan 2025-2029 attached at Appendix 3 to the report.
- (c) Agreed that the refreshed Council Plan be considered for approval by Council on 19 February.

- (d) Delegated authority to the Chief Executive in consultation with the Leader to make any further minor amends and updates to the document as necessary before it is taken to Council for approval. This will include the refreshed finance section when available.

County Durham Housing Strategy and Delivery Plan Adoption

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to recommend that County Council agree to the adoption of the County Durham Housing Strategy (CDHS) as detailed at Appendix 2 to the report and the accompanying 12-Month Delivery Plan as detailed at Appendix 3 to the report.

The current housing strategy was adopted in 2019. The wider economy has changed significantly since then, with the impact of Covid, the cost of living crisis, and rising levels of homelessness requiring a new strategy and vision for housing in County Durham. It is therefore important that we have an up to date strategy that can influence as well as respond to regional and national agendas.

The CDHS has been developed to consider housing issues across County Durham up to 2035. The strategy provides a strategic framework to inform the actions and investment of the council and its partners and has been developed to ensure the council is well positioned to maximise future opportunities for funding support. The CDHS 2024 will replace the current housing strategy adopted in 2019.

The strategy has been developed following two rounds of consultation with partners and stakeholders, including local residents, which was undertaken in parallel with the homelessness strategy. The first round of consultation focused on developing the high-level principles and priorities for the strategy, with a second round focusing on the draft strategy itself. This was undertaken between 30 October 2023 and 18 December 2023. The council engaged with residents and interested parties through:

- (a) its partnership structure;
- (b) online engagement events;
- (c) tailored surveys; and
- (d) a presentation to Overview and Scrutiny Committee.

The consultation determined that there was overwhelming support for the proposed vision, principles, and priorities. Amongst other things, the importance of meeting housing needs, issues with concentrations of private rented sector housing stock, and the importance of energy efficient housing

and partnership working came through the consultation. A number of changes were made to the draft housing strategy as a result of the consultation as set out in the Statement of Consultation, as detailed at Appendix 4 of the report.

The CDHS sets out the vision and strategic direction for housing activity in County Durham to provide:

- (a) good quality housing that meets everyone's needs;
- (b) good quality housing that is affordable for local people; and
- (c) supports the creation of great places to live.

The strategy will also help support the ambitions of the council's Inclusive Economic Strategy (IES), which recognises that housing is a major enabler to achieving economic growth and better social outcomes for the council's communities. By contributing to a high quality of place and an attractive housing stock and supporting jobs, particularly in the construction sector, the strategy will be important in the delivery of the IES's objectives.

The strategy contains seven principles that establish the foundation and rationale underpinning decisions and five priorities for action.

A key response to the consultation was the need for a delivery plan to be included in this version of the housing strategy. It was always the intention to prepare a delivery plan following adoption of the strategy however, to address these comments, a 12-month delivery plan has been prepared and attached to the housing strategy, as detailed at Appendix 3 of the report. A more long-term delivery plan will still be prepared following adoption, working with partners including the Housing Forum, and adopted by Cabinet.

A review of progress of delivery of the strategy will be carried out annually and reported to Cabinet. The council recognise that the housing strategy and delivery plan are being developed in the context of significant change at the national level with a new legislative framework and changes to national guidance. In particular a revised National Planning Policy Framework (NPPF) in December 2024 introduces a number of changes which will impact on the planning functions of the council. The key change however seeks to deliver the Government's wider objectives primarily relating to significantly increasing housing delivery and achieving economic growth including by giving all councils in England new, mandatory housing targets. The new annual figure of 2011 houses per year for County Durham is a 54% increase on the current County Durham figure of 1308. This will a major impact on the need for supporting infrastructure and the ability of the development industry to deliver. These significant changes will likely necessitate an early review of the County Durham Plan.

There is also emerging devolution work, including a strategic place partnership between North East Combined Authority (NECA) and Homes England. The annual review oof the delivery plan will allow us to respond to

these policy changes and any future funding opportunities, including emerging work relating to devolution, and differences in demand to the service. The delivery plan will be updated accordingly following the annual review.

At the meeting of County Council on 17 July 2024 and, following extensive discussion, the decision of County Council was to defer adoption of the CDHS. The main points of concern related to how the Housing CDHS dealt with:

- (a) the proliferation of HMOs in the county and the potential use of Article 4 Directions; and
- (b) the council house build programme and particularly the delivery timeframe and the composition of the proposed 500 units.

Two reports, one for each issue, were prepared and discussed at a meeting of the Economy and Enterprise Overview and Scrutiny Committee (E&EOSC) on 11 September 2024. As a result of the discussion at the meeting, a number of amendments to the CDHS were then proposed and agreed at a second meeting of E&EOSC on 4 November 2024. This included a number of amendments to the National Context section as a result of the General Election and the proposed changes to the legislative programme set out by the new Government. Similarly, as a result of the time difference, the 12-Month Delivery Plan has also been updated. The amendments to the CDHS are detailed at Appendix 6 to the report and the amendments to the 12-Month Delivery Plan are shown at Appendix 7 to the report.

The CDHS has been subject to an equalities impact assessment, as detailed at Appendix 5 to the report. This confirms that the strategy presents no negative impact on the protected groups.

Decision:

The Cabinet

- (a) recommended that County Council adopts the CDHS as detailed at Appendix 2 to the report;
- (b) subject to County Council adopting the CDHS, adopt the 12-Month Delivery Plan as detailed at Appendix 3 to the report; and
- (c) subject to County Council adopting the CDHS, agreed to receive a future annual progress report on the delivery of the CDHS.

Inclusive Economic Strategy, Annual Review 2024

Summary

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the County Durham Inclusive Economic Strategy (IES) adopted by the council in late 2022 and the associated Delivery Plan adopted in late 2023. The report provided an update on the implementation of the IES and progress towards its targets.

During 2024, the Inclusive Economic Strategy (IES) and Delivery Plan have been implemented with partners across the county. The Delivery Plan includes more than 150 actions and progress towards these is captured in the Annual Review 2024, which forms appendix 2 of the report.

External funding including the UK Shared Prosperity Fund (UKSPF) and other levelling up funds that were devolved to the county under the previous government have been crucial for the implementation of the IES. A range of new activities have been taken forward including a new Enterprise Framework, Business Growth programme, and new innovation initiatives. Important programmes such as DurhamWorks have been continued and a range of other employability programmes have been introduced, which have been vital to address the county's long standing worklessness challenges as well as economic recovery from Covid-19. The development of the IES and Delivery Plan have also enabled partners to discuss and work together on a wide range of activities in other parts of the economy including our towns and visitor attractions.

The Annual Review showcases several of these activities in more detail, it also provides an update against each individual action and an indicator to show whether it is being delivered (green), is in development (amber), or is yet to start (red). Overall, there has been good progress, with the majority of actions being in delivery or completed. The council continues to deliver a wide range of activities that support the economy including strategic developments such as NETPark Phase 3 and The Story as well as a range of innovation, business, enterprise, visitor economy, and employability support programmes.

A key action within the Delivery Plan was to develop an Investment Framework. This sits alongside the Delivery Plan and provides an overarching narrative of current and future investment opportunities across the county and private and public sectors. As part of the Framework an assessment tool has been developed that provides a matrix for the council to assess the potential strategic impact of projects and their investment readiness. This offers an objective assessment of the investment propositions that are likely to have the biggest economic impact and are most likely to be deliverable to help guide future strategic priorities and decision making. An external facing investment 'pitch book' has also been produced which highlights flagship projects and articulates a clear pathway to attracting investment. The Investment

Framework approach help the council with medium and long-term economic planning capabilities, enhancing its ability to adapt to a complex set of external funding landscapes and timescales.

An update of the Economic Review has been undertaken to provide a more detailed assessment of economic changes across a number of measures in recent years and is attached as appendix 3 to the report. This shows that the economy as a whole has largely recovered from Covid-19 and in some parts of the economy such as employment levels and productivity, pre-Covid levels of performance have been exceeded. Between 2020 and 2022 the county's economy grew by more than 16% to £10.7 billion and around 8,000 more residents are in employment now than before the IES was adopted, in 2022.

However, long-standing challenges persist with a different mix of issues in different parts of the county – as highlighted in the IES Scorecard. An ongoing challenge across the county, as well as region and country, is the 28,000 residents of working age who are not working due to long-term sickness.

It is proposed that work starts to refresh and update the IES Delivery Plan in 2025. This will include a review of what is working, identification of any gaps in provision, new needs, and opportunities to secure new regional and national funding to support the delivery of the IES.

Decision

The Cabinet

- (a) agreed the progress update on the delivery of the Inclusive Economic Strategy and the Annual Review 2024 and endorsed the Investment Framework approach.
- (b) agreed to a formal review of the Inclusive Economic Strategy Delivery Plan in 2025, with partners of the County Durham Economic Partnership.

Mainstream Primary and Secondary Formula Funding 2025/26

Summary

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which provided an overview of the forecast Dedicated Schools Grant School Block and proposed local formula for allocating funding to individual schools in 2025/26, where the proposal is that the council continues to align the local mainstream primary and secondary formula funding in 2025/26 with the National Funding Formula.

The Schools Block is part of the Dedicated Schools Grant (DSG) and is the main source of funding for the mainstream primary and secondary funding formula. This provides the bulk of funding for these schools.

Mainstream primary and secondary funding formulas are set locally by each local authority and are used to allocate funding to individual schools. There is a single formula that applies for both primary and secondary schools, both maintained and non-maintained (academies).

The DfE intends to replace local formulas by the National Funding Formula (NFF) no later than 2027/28. The NFF already exists and is currently used to determine allocations of Schools Block funding to each local authority. When the NFF replaces local formulas, it will be known as the Direct NFF.

Local formulas cannot fully replicate the NFF at this stage, because Schools Block allocations make use of historic data, whereas local formulas use the most recent data.

Funding regulations limit the discretion of local authorities when setting local formulas and requires that these formulas distribute the majority of funding through pupil-led factors. Regulations also require local formulas to either mirror the NFF (matching it as closely as possible), or to move their formulas closer to the NFF from year to year in the lead up to 2027/28.

The local formula in Durham in 2024/25 mirrors the NFF.

Initial information in relation to funding levels for 2025/26 was published by the Department for Education (DfE) in November 2024.

Nationally, core school funding, which includes the Schools Block and High Needs Block will increase in 2025/26 to £63.9 billion, representing a 3.6% (£2.6 bn) increase on the funding made available in 2024/25.

For 2025/26 it is recommended that the council continues to set a local formula that is aligned to the NFF.

The local formula factor values will be finalised in January, following confirmation of funding and the receipt of schools data from the DfE. The full local formula will be included in the MTFP(15) and 2025/26 budget report in February 2025.

Decision

The Cabinet

- (a) agreed that in 2025/26 the local formula continues to be aligned to the National Funding Formula;

- (b) noted that the formula factors will be finalised upon receipt of the finance settlement, including funding and school data, which will be used to set the local formula according to the approach agreed in (a);
- (c) noted that the detailed formula will be included in the MTFP(15) and 2025/26 budget report in February 2025.

The Cabinet resolved to exclude the press and public by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 during discussions on agenda item 15.

Council Funded Advice and Guidance Review: Options Appraisal

The Cabinet considered a report of the Corporate Director of Resources which shared the findings of a review of council funded Welfare Information, Advice and Guidance Services in County Durham and to propose recommendations for future service delivery, which provided opportunities for efficiencies (reduced duplication of provision / better signposting) and MTFP savings.

Decision

That the recommendations in the report be approved.

Helen Bradley
Director of Legal & Democratic Services
17 January 2025