



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on **WEDNESDAY 8 FEBRUARY 2012**.

The decisions will come into force and may be implemented from **20 February 2012** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan 2012/13 – 2015/16 and Revenue and Capital

Budget 2012/13

Summary

The Cabinet considered a joint report of the Corporate Director, Resources and Assistant Chief Executive that provided comprehensive information to enable Cabinet to make recommendations for a 2012/13 balanced budget to the County Council meeting on 22 February 2012.

The Council continues to face unprecedented levels of reductions in Government grants over the current Comprehensive Spending Review (CSR) period to 31 March 2015. The Council's Formula Grant for 2012/13 was confirmed in December 2011 at £223.2m which is in line with the figure announced in last year's CSR – a reduction of £17.1m when compared to 2011/12.

In total, this report is forecasting that Government Support for the five year period 2011/12 to 2015/16 will reduce by £108.7m and by £115.8m when including the forecast grant reduction for 2016/17. This equates to a 30% reduction in Government Support over this period.

After also taking into account estimated base budget pressures and growth in some priority service areas, the report is forecasting the need to deliver £159.2m of cash savings for the five year period 2011/12 to 2015/16 and savings of £171.8m when including forecasts for 2016/17. This equates to a 40% net revenue budget reduction over this period.

Despite having to make the above unprecedented level of savings, the report recommended that Cabinet agreed a net revenue budget of £432.58m for 2012/13. Although the budget requires the delivery of £26.6m in 2012/13 in order to deliver a balanced budget, it is also able to protect and increase some service budgets for the benefit of council tax payers including:

- for the third consecutive year, the council tax for County Durham would stay the same in 2012/13 should the Council accept the Government's 'one off'

Council Tax Freeze Grant. The grant would be payable in 2012/13 but not in future years, equates to almost £5m and is equivalent to a 2.5% council tax increase;

- protecting the winter maintenance budget in line with this being a high priority service based upon public consultation feedback;
- increasing the adult social care budget by £2.15m in recognition of the increasing demands on the service due to demographic changes and more people becoming dependent upon these services;
- increasing the children's safeguarding service budget by £1.5m in recognition of increasing demands due to more children entering the care service;
- an additional £3.5m of revenue to invest in new and current capital projects through prudential borrowing. The capital programme for 2012/13 will deliver schemes to the value of over £197m in line with the Council's key priorities to stimulate regeneration and job creation within the local economy.

Grant reductions are forecasted to continue beyond the current CSR and into 2015/16 and 2016/17 after taking into account the Government's outline Departmental Expenditure Limit (DEL) forecasts included in the Chancellor's Autumn Statement on 29 November 2011. Analysis based upon a range of assumptions would indicate that Grant reductions for Councils in these two years could be 5.7% and 3.7% respectively.

Also, in addition to the current public sector pay freeze for 2011/12 and 2012/13, the Government has announced a 1% pay increase cap in the public sector for 2013/14 and 2014/15. Although councils receive no explicit, specific funding to finance pay awards, the Government has confirmed that Grant will be reduced in 2013/14 and 2014/15 based on an assumption that 2.5% had previously been built into formula grant calculations for each of these two years.

The Council's previous four year savings plan amounting to £123.5m for the period 2011/12 to 2014/15 was agreed by the Council on 23 February 2011, following a very extensive consultation in which over 8,000 people throughout County Durham either responded or participated.

The results of this consultation were fully reflected in last year's MTFP report and the development of this new MTFP for 2012/13 to 2015/16 has also taken this consultation into account. The new savings plans listed at Appendix 2 have therefore been built upon the detailed savings plan that was included in last year's MTFP plus £7.07m of new savings proposals for 2012/13 to bring the budget into balance.

The Council has carried out extensive work in relation to both Equality and Diversity Impact Assessments and Risk Assessments. This work has been challenging due to the size and scope of the recommendations included in this 2012/13 Budget and MTFP but is essential to ensure all factors are considered in the decision making process.

Decision

The Cabinet agreed to make the following recommendations to Council, under the subject headings listed below:-

(a) Local Government Finance Settlement

- (i) Note the confirmation of the £223.2m 2012/13 Finance Settlement, which is in line with the CSR announcement.
- (ii) Note the forecast further reductions in Government support in 2013/14 and 2014/15 of £2.28m and £2.44m due to the imposition of the 1% pay increase cap.
- (iii) Note the forecast of continuing reductions in Government support in 2015/16 and 2016/17.

(b) Consultation

- (i) Note the basis on which the consultation carried in 2010 has informed the budget setting process and the ongoing commitment to carry out targeted consultation prior to commencing service changes where they would impact service users

(c) 2011/12 Revenue Outturn

- (i) Note the 2011/12 Forecast of Outturn contribution to General Reserve.
- (ii) Agree that the Corporate Director Resources be authorised to make decisions, as necessary, in the interests of the Council to finalise the Statement of Accounts for 2011/12.

(d) 2012/13 Revenue Budget and Council Tax

- (i) Approve the identified base budget pressures.
- (ii) Approve the Service Grouping investments detailed in the report.
- (iii) Approve the savings plans detailed in the report.
- (iv) Approve the acceptance of the Council Tax Freeze Grant and thereby leave County Council' Council Tax levels unchanged.
- (v) Approve the retention of the 10% Council Tax Discount for the owners of second homes.
- (vi) Approve the 2012/13 Net Budget Requirement of £432.58m.

(e) MTFP and Financial Reserves

- (i) Note the forecast 2012/13 to 2015/16 MTFP financial position.
 - (ii) Set aside sufficient sums in Earmarked Reserves as it considers prudent to do so. The Corporate Director Resources be authorised to establish such reserves as are required and to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Resources and to Cabinet.
 - (iii) Aim to maintain, broadly, General Reserve levels of between at least 3% and 4% of the Net Budget Requirement or in cash terms between £13m to £17m.
- (f) Capital Budget - Approval of Additional Capital Schemes
- (i) Approve the revised 2011/12 Capital budget of £167.929m.
 - (ii) Approve that the additional schemes detailed in Appendix 6 be included in the Capital Budget. These capital schemes will be financed from the additional Government grants available, from match funding attained, from Capital Receipts, Prudential Borrowing and from Service Grouping budget transfers.
 - (iii) Approve the Capital Budget for the 2012/13 to 2015/16 MTFP detailed in Table 20.
 - (iv) Approve the continued inclusion of £30m of capacity annually across the MTFP funded from Prudential Borrowing and Capital Receipts.
- (g) Savings Recommendations
- (i) Note the approach taken by Service Groupings to achieve the required savings.
- (h) Equality Impact Assessment of the Medium Term Financial Plan
- (i) Note the equality impacts identified and mitigating actions.
 - (ii) Note the programme of future work to ensure full impact assessments are available where appropriate at the point of decision, once all necessary consultations have been completed
 - (iii) Note the ongoing work to assess cumulative impacts over the MTFP period which is regularly reported to Cabinet.
- (i) Workforce Considerations
- (i) Note the position on workforce considerations.
- (j) Pay Policy

- (i) Approve the pay policy statement which would require final approval by Council.
- (k) Risks
 - (i) Note that the key risks to be managed over the MTFP period.
- (l) Dedicated Schools Grant (DSG) and School Funding
 - (i) Note the position on the DSG.
- (m) Prudential Code
 - (i) Agree the Prudential Indicators and Limits for 2012/13 to 2014/15 contained within Appendix 8 of the report, including the Authorised Limit Prudential Indicator.
 - (ii) Agree the Minimum Revenue Provision (MRP) Statement contained which sets out the Council's policy on MRP.
 - (iii) Agree the Treasury Management Strategy and the treasury Prudential Indicators.
 - (iv) Agree the Investment Strategy 2012/13 contained in the treasury management strategy

Housing Revenue Account Medium Term Financial Plan 2012/13 to 2016/17 and 2012/13 Budget

Summary

The Cabinet considered a joint report of the Corporate Director, Resources and Corporate Director, Regeneration and Economic Development that provided information to enable Cabinet to make recommendations on the Council's Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2012/13 to 2016/17 and the 2012/13 budget to the County Council meeting on 22 February 2012.

The HRA provides the income and expenditure associated with maintenance of the Council's housing stock of just under 19,000 dwellings. The Council is required to set an annual HRA budget and set the level of tenants' rents and other charges.

The Council is the largest social landlord in County Durham owning around 40% of all social housing. Under the Government's new system of housing finance from April 2012, the Council is required to plan over the longer term and develop a 30 year HRA Business Plan to manage and maintain its housing assets. The proposed HRA budget for 2012/13, 30 year HRA Business Plan and five-year MTFP are considered in this report.

The headline implications for 2012/13 are as follows:

- Dwelling rents for 2012/13 to increase in accordance with Government guidelines which result in an overall average increase of 6.25%;
- Average rent per week to increase from £59.34 per week to £63.05 per week – an increase of £3.71 per week on average (on a 52 week basis);
- Increases in garage rents to be linked to the overall average increase in dwelling rents and the proposed charges per week for 2012/13 (excluding VAT) are £6.46, £6.63 and £7.01 in Durham City, Easington and Wear Valley respectively;
- Efficiency savings in housing management costs of £1.35m have been identified;
- A capital programme in 2012/13 of £44.854m.

Decision

The Cabinet agreed to make the following recommendations to Council:-

- To approve the 30 Year HRA Business Plan and five year HRA MTFP;
- To set dwelling rents for 2012/13 in accordance with Government guidelines which result in an overall average increase of 6.25%;
- To increase garage rents in line with the overall increase in housing rents;
- That approval of service charges proposed by the three service providers be delegated to the Head of Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance;
- A HRA capital programme of £44.854m in 2012/13;
- ALMO/INMO management fee levels as follows;
 - Durham City Homes £7,217,250
 - Dale and Valley Homes £5,511,000
 - East Durham Homes £11,755,000
- To split the Council's loans in two separate pools as suggested by CIPFA using the principles outlined.
- To authorise the Corporate Director Resources to make appropriate arrangements to enable the Council to implement self financing including decisions on borrowing and making the settlement payment to DCLG on 28 March 2012.

Council Plan and Service Plans 2012 - 2016

Summary

The Cabinet considered a report of the Assistant Chief Executive that provided a draft of the Council Plan for 2012-16 for consideration and comment before being submitted for approval by Council on 22 February 2012.

The Council Plan is the overarching high level plan for the County Council. It has been amended this year to cover a four year timeframe in line with the Medium Term Financial Plan and it is updated annually. It links closely with our financial planning framework and in broad terms sets out how we will consider our corporate priorities for change and the key actions we will take in support of delivering the longer term goals in the Sustainable Community Strategy (2010-2030) and the Council's own change agenda. The Council Plan for the forthcoming period has been revised alongside the review of our Medium-Term Financial Plan.

The Council Plan is underpinned by a series of Service Plans at a service grouping level. Service Plans provide more detailed information on the actions we are taking to deliver the Council's priorities, plus actions required for other service specific priorities. They have been prepared to a standard format and provide more detailed information on service context, details of strategic links, key actions, additional resources required and reference to relevant risk assessments.

Decision

The Cabinet:

- Agreed the content of the draft Council Plan and recommended it for approval by full Council on 22 February, subject to any final minor amendments by the Assistant Chief Executive.
- Agreed to the Corporate Directors having delegated authority in consultation with the relevant portfolio holders to provide final sign-off on their own Service Plan prior to Cabinet.
- Noted that Service Plans are now complete and copies are available on the Council's intranet.

Library Strategy

Key decision AWH04/11

Summary

The Cabinet considered a report of the Corporate Director, Adults Wellbeing and Health that sought approval for consultation on the Council's strategy for library services, and proposals to deliver the Medium-Term Financial Plan savings in respect of library services. It describes proposals for changes to the County's library services, which will require public consultation, as well as setting out proposals for the future management of library services.

The report sets out proposals for consultation on our library service for the future. It is written in the context of reductions in Government funding, which will mean a reduction in Council spending of £123.5million by 2015, and changing patterns of use of our library services.

In preparing the strategy, the Council has reviewed national policy and considered library developments across the country. We have also looked back to the Scrutiny report "Beyond Books" (2009), and considered the responses to the first phase of consultation on the library strategy "Inspire... Include... Inform..." in 2010. We have considered the views of our users as expressed through surveys and the views of the wider public, for example in consultation on the Council's budget proposals. We have also considered how the library service can contribute to the Council's overall aims for the County.

In summary the library strategy has the following aims:

- To inspire a community of reading and learning;
- To create community library hubs, involving local people;
- To be modern and responsive; and
- To ensure that we have a well managed and efficient service;

and meet the following areas of need:

- reading for pleasure;
- raising confidence, skills and aspirations through access to informal and formal learning facilities, for study, research, self improvement and knowledge;
- the development of individual literacy;
- local community and public service information; and
- a place to meet and participate in community life.

In order to support our strategy we propose:

- to keep open all our library buildings, but reduce the opening hours funded by the Council;
- to revise our criteria for the communities that are served by our mobile library service;
- to co-locate libraries wherever possible with other services and to invest to improve their appearance and facilities;
- to drive down our support and management costs; and
- to move our library services into a not-for-profit Trust.

A number of these proposals would be subject to consultation, details of which are set out later.

This paper also sets out how we will achieve the £1.457m savings that have already been agreed for the library service over the four years of the Council's Medium Term Financial Plan.

There will be a period of public consultation on the proposals for change that the report sets out. The consultation will run for 12 weeks, from 10 February to 4 May 2012. The consultation will be publicised through press releases, letters to

stakeholders, posters in libraries and a link on the Council's website. Area Action Partnerships and the County Durham Association of Local Councils will be given the opportunity to receive a presentation on the proposals, and seminars for elected Members will be held. The Safer, Stronger Communities Overview & Scrutiny Committee would also be invited to comment on the proposals.

Once the consultation period has been completed, analysis will be undertaken. A further report would be brought to Cabinet in July 2012, outlining the feedback from the consultation, setting out recommendations in response and presenting the final library strategy, with associated costs and timetable for any changes, for Cabinet approval.

Consultation on the human resource implications of these proposals will take place during the public consultation, although no decisions on these implications will be made before Cabinet has made decisions on the shape of the service in the future following consultation. All staff in the library service will be affected by these proposals, except for the management staff who have already been subject to consultation on the reorganisation of their responsibilities.

This strategy aims to create, for the people of County Durham, a financially sustainable library network that is vibrant, modern and enjoyable to visit. It will support the County Council's aims to provide altogether better services.

It sets out the need for a library service within County Durham, and shows how the Council can provide a comprehensive library service to meet that need within a reduced budget, delivering its medium term financial plan, whilst retaining its full network of library buildings, which will protect service delivery in many deprived communities, and continuing to provide a mobile library service to rural settlements, as well as dedicated services for people with mobility difficulties.

The proposals would reduce the level of service provided, but through working with local communities we can target opening hours to maximise usage in order to meet the need for library services as efficiently as possible. The value of the savings associated directly with reductions in service amounts to 34% of the total MTFP target for libraries.

The proposed library strategy supports the Authority's commitment to equality by encouraging participation, offering opportunities for learning and providing shared community spaces. There are however elements of the proposal which are likely to impact on particular groups.

By definition as a public facing service the proposed reduction in library opening hours and review of mobile library criteria would potentially impact on the public and therefore across any of the protected characteristics groups as defined by the Equality Act 2010.

Initial separate equality impact assessments have been undertaken in respect of the proposed library strategy, reductions in opening hours of our library buildings, and in respect of changes to the criteria for the settlements that would receive a mobile library service. The main issues from the assessments are identified in the report, and identify initial actions necessary to mitigate the potential impacts, however the

overall proposal to reduce opening hours rather than close libraries already mitigates against some negative impacts.

Decision

The Cabinet agreed:

- The proposed vision and outcomes for the Library Service
- To undertake public consultation from 10 February to 4 May on the proposals in this report, i.e.:
 - Our overall strategy for library services in County Durham;
 - To revise the criteria for the settlements that mobile libraries will visit, as proposed at paragraph 114 of the report;
 - To retain a network of 12 town centre and 27 community libraries; and
 - To reduce opening hours in town centre libraries to 36 hours per week, and in community libraries to 20 per week.
- To receive a further report in July 2012 for a decision on the future of the library service following public consultation.

Colette Longbottom
Head of Legal and Democratic Services
10 February 2012