



Local Government Act 1972

I Hereby Give You Notice that an **Ordinary Meeting** of the **Durham County Council** will be held in the **Council Chamber, County Hall, Durham** on **Wednesday 22 February 2012 at 10.00 am** to transact the following business:-

1. To confirm the minutes of the meeting held on 11 January 2012 (Pages 1 - 6)
2. To receive any declarations of interest from Members
3. Chairman's Announcements
4. Leader's Report
5. Questions from the Public
6. Petitions
7. Report from the Cabinet (Pages 7 - 24)
8. Budget 2012/13 - Report under Section 25 of Local Government Act 2003 - Report of Corporate Director, Resources (Pages 25 - 28)
9. Medium Term Financial Plan 2012/13 - 2015/16 and Revenue and Capital Budget 2012/13 - Report of Cabinet (Pages 29 - 116)
10. Council Tax Setting - Report of Cabinet (Pages 117 - 136)
11. Housing Revenue Account Medium Term Financial Plan 2012/13 to 2016/17 and 2012/13 Budget - Report of Cabinet (Pages 137 - 154)
12. Council Plan and Service Plans 2012-2016 - Report of Assistant Chief Executive (Pages 155 - 258)

13. Proposals for the Implementation of new Pay and Grading Arrangements for Council Employees - Report of Corporate Director, Resources (Pages 259 - 278)
14. Members' Allowances Scheme 2012/13 - Report of Head of Legal and Democratic Services (Pages 279 - 284)
15. Motions on Notice

Cllr R Bell to Move

Council calls upon Cabinet and Corporate Management Team to improve communications and increase transparency of the workings of DCC by:

- *Ensuring that Members are informed of the contents of Cabinet reports before the Press*
- *Publish details by grade and salary band of the costs of Incremental Drift to the council*
- *Publish details by grade and salary band of the costs of staff paid above £50,000 per annum, showing the split between teaching and non-teaching posts, and showing numbers in the bands at the start and end of the financial year.*

16. Questions from Members

And pursuant to the provisions of the above-named act, **I Hereby Summon You** to attend the said meeting

Dated this 14th day of February 2012



Colette Longbottom
Head of Legal and Democratic Services

To: All Members of the County Council

DURHAM COUNTY COUNCIL

At a Ordinary Meeting of the County Council held in the Council Chamber, County Hall, Durham on **Wednesday 11 January 2012 at 10.00 am**

Present:

Councillor D Morgan (Chairman)

Councillors L Marshall (Vice-Chairman), B Alderson, J Armstrong, B Arthur, J Bailey, A Bainbridge, B Bainbridge, E Bell, J Bell, R Bell, J Blakey, G Bleasdale, D Bowman, D Boyes, D Brown, C Carr, J Chaplow, P Charlton, A Cox, R Crute, K Davidson, M Dixon, J Docherty, D Farry, N Foster, P Gittins, B Graham, J Gray, D Hancock, N Harrison, S Henig, M Hodgson, K Holroyd, A Hopgood, L Hovvells, S Hugill, J Hunter, E Huntington, S Iveson, O Johnson, P Jopling, A Laing, R Liddle, C Magee, C Marshall, D Marshall, N Martin, P May, J Moran, E Murphy, B Myers, D Myers, A Napier, A Naylor, M Nicholls, J Nicholson, L O'Donnell, B Ord, R Ord, E Paylor, M Plews, G Richardson, J Robinson, S Robinson, J Rowlandson, A Savory, J Shiell, J Shuttleworth, M Simmons, B Sloan, W Stelling, B Stephens, D Stoker, P Stradling, P Taylor, O Temple, G Tennant, K Thompson, L Thomson, R Todd, E Tomlinson, J Turnbull, Andy Turner, Allen Turner, C Vasey, C Walker, M Wilkes, M Williams, A Willis, M Wood, C Woods, A Wright, R Yorke, B Young, R Young and S Zair

Apologies for absence were received from Councillors B Avery, A Barker, D Barnett, A Bell, P Brookes, J Brown, B Brunskill, D Burn, M Campbell, J Cordon, R Crooks, D Freeman, B Harrison, G Holland, G Huntington, J Lee, J Lethbridge, D Maddison, J Maslin, E Mavin, C Potts, M Potts, C Robson, A Shield, D J Southwell, T Taylor, J Wilkinson, B Wilson and J Wilson

1 To confirm the minutes of the meeting held on 7 December 2011

The minutes of the meeting held on 7 December 2011 were confirmed by the Council and signed as a correct record by the Chairman.

2 To receive any declarations of interest from Members

There were no declarations of interest from Members in relation to the business on the agenda.

3 Chairman's Announcements

New Years Honours

The Chairman reported that the following individuals had been recognised in the Queens New Year Honours:-

- Jon Stoddart, Chief Constable of Durham Constabulary had been awarded an OBE for services to the Police;
- Denise Rowland of Peterlee, recently the Head, School of Early Years Health and Social Care, New College Durham received an MBE for services to Further Education;
- Ian Crampton, from Carville received an MBE for services to national and local charities;
- Sally Hancox of Durham, received an MBE for services to reducing carbon emissions and fuel poverty in social housing;

Resolved:

That the Council place on record its congratulations to all those recognised in the Queens New Years Honours.

Made in Durham

The Chairman informed the Council of the 'Made in Durham' event being held in the Durham Room. The event had been arranged to showcase the best businesses Durham had to offer and bookings had been secured from a number of businesses, from micro to large organisations. The Chairman asked Members to take the time to browse the exhibition and hoped the event could be repeated on an annual basis.

Flying of the Union Flag at County Hall

The Chairman informed the Council that he had received a number of representations from Members requesting that the Council fly the Union Flag at County Hall. The Chairman had carefully considered those representations and suggested to the Council that the Union Flag would be flown from the building commencing 6 February 2012 alongside the County Flag in recognition of the Queens Jubilee Year Celebrations.

Resolved

That the Council agree the Chairman's course of action.

4 Leader's Report

The Leader had no update to provide the Council and wished everyone a Happy New Year.

5 Questions from the Public

There were no questions from the public.

6 Petitions

There were no petitions to receive

7 Report from the Cabinet

The Council noted a report from the Cabinet which provided information on issues considered by the Cabinet at its meeting held on 14 December 2011 (for copy see file of Minutes).

The Leader summarised some of the main items considered at the recent Cabinet meeting which included the calculation of the council tax base, the decision to match fund the Durham Digital project from current resources, consideration of the stock options appraisal project and blue badge reforms.

The Leader also made reference to the review of indoor sports and leisure facilities and informed the Council that negotiations were ongoing with a local group in Ferryhill with a view to sport and leisure provision in Ferryhill.

8 Review of Polling Districts and Polling Places - Final Recommendations - Report of Constitution Working Group

The Council noted a report of the Constitution Working Group which detailed the final recommendations arising from a review of polling districts and place (for copy see file of Minutes).

The Head of Legal and Democratic Services informed the Council that the review had been carried out in accordance with the Representation of the People Act 1983 between 1 July and 31 August 2011.

The Council's Constitution Working Group, delegated to oversee the review, had made some suggested changes at a meeting held on 2 October 2011 following the public consultation. This culminated in a final set of recommendations being agreed by the group on 2 December 2011.

9 Request for Increase of Council Size - Greater Willington Town Council - Report of Head of Legal and Democratic Services

The Council considered a report of the Head of Legal and Democratic Services regarding a request from Greater Willington Town Council to increase the number of Town Councillors on the Parish Council from 9 to 11 (for copy see file of Minutes)

Resolved

That an order be made to increase the number of Councillors on Greater Willington Town Council from 9 to 11, effective from the 2013 local elections.

10 Motions on Notice

There were no Motions on Notice for consideration.

11 Questions from Members

In accordance with the Council Procedure Rules, the following questions were asked:

Councillor R Bell

Would the Leader agree that the understanding and scrutiny of the budget proposals by non-Cabinet members of this Council will be made more difficult by the unusually short time between the Cabinet Budget Meeting on the 8th February and the Full Council Budget Meeting on 22 February?

The Leader of the Council thanked Councillor Bell for his question and replied as follows:

Cabinet published the timetable for the Medium Term Financial Plan, Budget and Council Plan process in July 2011. This information was shared then with both the Overview and Scrutiny Management Board at its meeting held on 26 July 2011 and Corporate Issues Overview and Scrutiny Committee on 22 September 2011. Cllr Bell had been involved in both meetings. Overview and Scrutiny members had been directly involved in the process from the outset this year as they had been last year.

A robust timetable was disseminated as early as possible to ensure Members have at least 6 to 7 months to consider how the Council could make the savings that had to be made. Every Cabinet report at each stage of the process had been subject to scrutiny, which would culminate in the joint scrutiny meeting scheduled for 10 February 2012 to consider the final recommendations from Cabinet. The Leader was strongly of the opinion that there had been ample opportunity for understanding and scrutiny of the budget and Medium Term Financial Plan.

In response, Councillor Bell acknowledged the Leaders comments but felt that the central point was not being addressed in terms of the tightness of the timetable, which as it stood at present, would provide very little time for alternative budget proposals.

The Leader of the Council commented that he would be willing to look at the timetable for future years but reminded the Council that the budget process was not an issue conducted over two months of the year. The budget process was looked at over the whole year and made a plea for all Members to engage in the process over that time. He added that budget seminars had been held in September 2011, a strategy paper had been considered by Cabinet in December with a view to freezing Council tax. A large proportion of the budget proposals had been agreed with some specific area remaining.

Councillor J Shuttleworth

There appears to be a Policy of denial of information to Council Members in relation to a recent high profile senior officer's dismissal from this Council. Would the

Leader of the Council advise all Members today of the policy in place with regards to high profile dismissals which have been reported in the local media, and where Members are asked questions by constituents, and are unable to answer those questions?

The Leader of the Council thanked Councillor Shuttleworth for his question as responded as follows:

Any officer dismissed by the authority would have had their employment terminated within the framework of the Disciplinary Policy & Procedure of the Council. This policy contained a confidentiality clause at Section 1.6 on page 4 which states that "it is essential that all parties concerned have a duty of confidentiality regarding matters dealt with under this procedure".

The Data Protection Act places certain responsibilities upon the Council as an employer relating to the release of personal data. For example, Schedule 1, Part 2 of the Data Protection Act 1998 set out a requirement for the employer not to use data in ways that could have an unjustified adverse effect on the individual concerned.

The Council constitution entrusts appeal hearings to panels drawn from a committee of 21 members of this council. Panels are confidentially provided with disciplinary information in relation to officers who are dismissed and appeal against the decision and it would be incorrect to divulge any confidential information of this nature.

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22 February 2012

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 25 January and 8 February 2012 and to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 21 February in order for them to be displayed on the screens in the Council Chamber.

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Key Decision NS/05/2011
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- Item 4 North Pennines Area of Outstanding Natural Beauty (AONB) Building Design Guide And Planning Guidelines
- Item 5 European Social Fund, Families with Multiple Problems Programme

8 February 2012

- Item 6 Medium Term Financial Plan 2012/13 – 2015/16 and Revenue and Capital Budget 2012/13
- Item 7 Housing Revenue Account Medium Term Financial Plan 2012/13 to 2016/17 and 2012/13 Budget
- Item 8 Council Plan and Service Plans 2012 – 2016

Item 9 Library Strategy
 Key decision AWH04/11

1. Report on a Review of Learning Disability Respite services and recommendations on changes to the in- house services
Key Decision AWH/03/11
Cabinet Portfolio Holder – Councillor Morris Nicholls
Contact – Nick Whitton- 0191 383 4619

We have considered a report of the Corporate Director, Adults, Wellbeing and Health that presented findings following the review of Durham County Council (DCC) learning disability respite services, and made recommendations on the future of Dean Lodge in the light of the Medium Term Financial Plan (MTFP), and taking account of the results of the consultation detailed in the report.

Respite is a service which provides periods of care for a person away from their carer. Respite services can be planned in advance or provided in an emergency, for example, when a carer is unwell. Respite services are important to service users, their families and carers. The Council remains committed to meeting the needs of service users through the use of respite services but it also needs to take account of: changes in demand; new opportunities being offered in the social care market; and the need to ensure that services operate efficiently and represent the best value for money. DCC spends approximately £1.7M annually on learning disability respite services and is providing new forms of respite where possible. As at 21.10.11 there were 343 learning disability service users accessing respite services.

In County Durham most learning disability respite services are provided through:

- Durham County Council building-based services at Hawthorn House (Newton Hall, Durham) and Dean Lodge (Ferryhill).
- A 'Shared Lives' service where service users take respite in a family or individual's home. The people who provide this service in their homes are paid by the Council. The Council oversees the service to ensure it meets quality standards.
- Independent residential care services provided by the market.
- Independent specialist respite services offering different models of service (e.g. respite in the service users own home).
- Service users also have the option of using a Personal Budget to purchase a respite service of their choice.
- All services provided or purchased by the Council are monitored for quality and performance and protected by safeguarding procedures and are only provided in response to assessed needs.
- The percentage split of service users accessing the above provision is as follows: Hawthorn House 28%; Dean Lodge 12%; Shared Lives 39%; Independent Sector 12%; Direct Payments 9% (figures as at 21.10.11).

The need to secure value for money to meet the MTFP and changes in demand and occupancy levels have prompted a review of in house building

based learning disability respite services. The review has focused on a number of factors including demand, achieving value for money, carer and service user views and the future shape of services.

The consultation on the future of learning disability respite has identified that the majority of Dean Lodge service users are opposed to its potential closure. Amongst the reasons put forward by service users and stakeholders for retaining Dean Lodge are the difficulties some service users would have in adjusting to change, perceptions about the expertise within the service for supporting people with high level health needs and concerns over whether there is sufficient capacity in existing services to be able to meet demand. Adults Wellbeing and Health has extensive experience and expertise in supporting vulnerable service users through change. The service is confident that it could mitigate against negative impact on service users.

Information indicates that there is sufficient capacity to meet the needs of service users within alternative DCC services and the wider care market. Alternative services could be provided with improved value for money for the Council.

There are a number of other re-provision costs that would be incurred if Dean Lodge closed. The total re-provision cost is calculated as £120,000 and net savings of £510,000 could be made by closing this service without reducing the amount of respite that service users and carers access. Durham County Council is providing two building based respite services where one would be sufficient to meet needs.

An Equality Impact Assessment (EIA) has been undertaken to identify any potential negative consequences from proposed changes to respite care, and to mitigate against these. The EIA has identified the main impacts that would arise from the closure of Dean Lodge, and also the mitigating factors that could be put in place to reduce any negative impact. They indicate that there are potential impacts relating to age, gender and disability which would need to be managed in any transitional arrangements:

Decision

We have: -

- Agreed to close Dean Lodge learning disability respite service.
- Noted that service users would continue to receive respite in line with their assessed level of need, and carer assessments will also be offered.
- Delegated to the Corporate Director for Adult Wellbeing and Health, in conjunction with the Portfolio holder, responsibility for developing and implementing a plan to close the service and re-provide for existing service users in a time scale which maximises positive outcomes and minimises and manages risks.

2. Management Options Appraisal Phase 1: Setting up of a Charitable Trust to Manage the Council's Sport, Leisure, Cultural and Library Services
Key Decision NS/05/2011
Cabinet Portfolio Holders – Councillors Maria Plews, Neil Foster, and Claire Vasey
Contact – Steve Howell- 0191 372 9180

We have considered a joint report of the Corporate Director, Neighbourhood Services and Corporate Director, Adults Wellbeing and Health which set out details of the Management Options Appraisal undertaken to establish the most suitable option(s) available for the future management of a range of services including Sport and Leisure, facilities and services, Museums, Libraries, and Outdoor learning centre at Middleton-in-Teesdale. An 'in principle' decision was sought for the potential transfer of some, or all, of these services to a Non-Profit Distributing Organisation (NPDO) subject to further work to establish the best option for the Council whilst agreeing a project plan and milestones to deliver this project.

The Council's Medium Term Financial Plan (MTFP) includes a number of savings proposals linked to the Management Options Appraisal (MOA) process. The principle aim of the MOA being to identify future management arrangements best suited to providing optimal value for money, whilst still meeting the Council's strategic priorities.

To assist development of the MOA, specialist independent advisors, Winckworth Sherwood, were appointed by the Council in April 2011. They have carried out a wide range of interviews with Officers, Elected Members (including the Leader and Deputy Leader) and key partner stakeholders. Winckworth Sherwood have also reviewed and analysed extensive financial and other relevant information provided by the Council, producing a report detailing their findings.

Subject to an 'in principle agreement', officers would prepare information on which a decision as to whether to transfer services into a charitable NPDO can be made. In order to make that decision, detailed information relating to transfer arrangements will need to be given. These will be contained within a Service Delivery Plan that will form the main proposal from any new entity for the provision of services.

In addition, it will be necessary to satisfy the Council that arrangements for staff, legal issues and corporate impact matters have been adequately dealt with, together with the confirmation of financial savings. This information, together with the Service Delivery Plan, will form the basis of a future report. It would be proposed that a Members seminar also be held in relation to the Service Delivery Plan, prior to it being presented to Cabinet.

The phase 1 of the MOA concludes that the Council establishes a charitable NPDO or transfers its services into an existing NPDO. The Council's in-house services, together with those managed through Leisureworks, at their discretion, should form part or all of the new arrangement.

This will require the Council and Leisureworks to work collectively to consider the detailed implications of such a move before any transfer is undertaken. This will represent a significant amount of work for both parties. It is, therefore, recommended that a framework be put in place through which all issues can be considered and communicated including the exact form and legal structure of any new NPDO

Consideration to the Leisure Connections contract would also be addressed in phase 2 of the project.

In order to progress matters a Project Board has been established of relevant senior officers and portfolio-holders. This group will oversee the development of any future work on the project.

In working towards the establishment of a new cultural and leisure trust, there is a great deal of detail to be worked out and arrangements put in place. A detailed schedule has been drawn-up which suggests that a reasonable timeframe, subject to Members' approval, to transfer to a new entity would be autumn 2012.

Decision

We have approved:

- (a) an 'in principle' decision to establish a charitable Non Profit Distributing Organisation as the preferred vehicle for those services;
- (b) subject to confirmation of a non-contestable market from the existing NPDO sector, work to develop a new NPDO be progressed in-house;
- (c) further consideration is given to the inclusion of service areas identified in the report;
- (d) that both recommendations (b) and (c) are subject to a delegated decision of the Corporate Directors of Neighbourhood Services, Adults, Wellbeing and Health and Children's and Young People's Services, in consultation with their respective portfolio holders and in consultation with the Corporate Director of Resources and the Cabinet Member for Resources;
- (e) a further report is prepared, in relation to any final decision to transfer, in line with the schedule proposed in the report.

3. Heart of Teesdale Landscape Partnership: Governance Cabinet Portfolio Holder – Councillor Neil Foster Contact – Sarah Robson- 0191 383 3444

We have considered a report of the Corporate Director, Regeneration and Economic Development that provided an overview of current governance and management arrangements for the Heart of Teesdale Landscape Partnership

(HoT) within the framework of the Heritage Lottery Fund (HLF) national scheme; its relationship with Durham County Council (DCC) and Barnard Castle Vision (BCV); and recommendations as to the future governance of the Partnership during the main implementation phase, programmed to last from late 2011 to early 2016.

The prime objective of the Heart of Teesdale Landscape Partnership's work is to inspire people to re-discover the landscapes of Teesdale, celebrate its unique beauty and character, and benefit from its rich cultural heritage and potential. A Local Conservation Action Plan was submitted as part of the HLF bid and contains over 100 locally based projects, put together with extensive community engagement. The Partnership has worked hard to involve a wide range of local interests to bring forward ideas and plans for a programme of activities. The projects arising will be expected to provide major public and community benefit.

HLF confirmed a grant of £1,895,700 on the 14 September 2011. The DCC contribution is £519,514 which, together with other match funding gives a total project value of £3,116,300. DCC is the accountable body for the project.

The strategic context for this scheme lies within a co-ordinated cache of similar DCC projects including the Limestone Landscapes, North Pennines AONB Partnership and Durham Heritage Coast.

The Partnership is one of some 45 Landscape Partnerships so far developed across the UK under a national scheme established by the Heritage Lottery Fund.

Decision

We have:

1. Approved the new Heart of Teesdale Landscape Partnership Terms of Reference;
2. Noted the implications of representation for Durham County Council in relation to the Partnership, particularly in terms of its own nominees and endorsement of other members including the Chair and Vice Chair;
3. Approved Durham County Council's continued role as a key partner and accountable body, including the signing of the new Heart of Teesdale Landscape Partnership Agreement;
4. Endorsed the proposals to implement formal Memoranda of Understanding between the Heart of Teesdale Landscape Partnership and Barnard Castle Vision and Durham County Council.
5. Agreed the delegated approval for the Corporate Director of Regeneration and Economic Development to agree the final documents for circulation.

**4. North Pennines Area of Outstanding Natural Beauty (AONB) Building Design Guide And Planning Guidelines
Cabinet Portfolio Holder – Councillor Neil Foster
Contact – Mike Allum - 0191 387 2228**

We have considered a report of the Corporate Director, Regeneration and Economic Development that considered the North Pennines Area of Outstanding Natural Beauty (AONB) Building Design Guide and Planning Guidelines and which sought agreement to recommend that Council endorses them as supplementary guidance to be included as part of the County Durham Plan.

The North Pennines AONB Partnership is responsible for co-ordinating efforts to conserve and enhance the AONB. The management of AONB's is a statutory function of local authorities under the Countryside and Rights of Way Act (CRoW) 2000.

The North Pennines AONB Building Design Guide updates and replaces two documents, already endorsed by the County Council and the former Derwentside, Teesdale and Wear Valley District Councils; the Guide on Good Practice in the Design, Adaptation and Maintenance of Buildings and the Agricultural Building Design Guide for the North Pennines AONB. The new Building Design Guide is designed to help implement planning, design and conservation policies relating to the AONB that are contained in the three relevant Local Authorities statutory development plans. It seeks to help generate increased consistency of approach towards matters of building design and building conservation across the AONB.

Decision

We have endorsed The North Pennines AONB Building Design Guide and North Pennines AONB Planning Guidelines as supplementary guidance under provisions in paragraph 6.3 of Planning Policy Statement 12 to assist the Local Planning Authority in considering and determining planning applications within the area designated as the North Pennines Area of Outstanding Natural Beauty.

**5. European Social Fund, Families with Multiple Problems Programme
Cabinet Portfolio Holders – Councillors Neil Foster, Claire Vasey, and Morris Nicholls
Contact – Graham Wood- 03000 262002**

We have considered a joint report of the Corporate Director, Regeneration and Economic Development, Corporate Director, Children and Young People's Services and Corporate Director, Adults Well Being and Health that provided an update on the Department for Work and Pension's preferred bidder for the North East Contract Package Area (CPA) to deliver the European Social Fund (ESF) Support for Families with Multiple Problems

provision and identified the implications for County Durham, and which sought approval for the Corporate Director to utilise delegated powers to enter into negotiations and complete contract documentation and deliver the programme in County Durham.

Department of Works & Pensions (DWP) is using around £200m of funding it receives from the ESF to help families with multiple problems overcome barriers to employment. This provision will support the wider cross-government Welfare to Work agenda to help improve the lives of families with multiple problems.

This provision is aimed at individuals in multi generational families with multiple problems that require support to move into employment. The recent DWP co-design of services report highlights that many of these families are already known to and receiving support from local authorities; therefore, local authorities will be the prime means for identifying families/households to participate in this provision.

The Government has recently announced a further funding opportunity for Councils to work with Families that currently require multi agency support and have suggested the appointment of a “Family Co-ordinator” within each authority. Initial development funding has been made available to Councils, with the Think Family Board taking a lead on this.

While a great deal of service integration and linkage has already been undertaken as part of the roll-out of the One Point service offer, it is envisaged that the appointment of the Coordinator would ensure that delivery of the existing Think Family related projects including this ESF contract will be maximised, ensuring the most appropriate families are targeted, the required interventions are appropriately resourced and duplication of referral does not occur. Further information will be made available once the Durham approach has been agreed with the Department for Communities and Local Government.

Decision

We have:

- Noted the extra opportunities provided by the ESF Families with Multiple Problems programme to support disadvantaged individuals and families in County Durham.
- Agreed that The Corporate Directors for Regeneration and Economic Development and Resources utilise delegated powers to enter into negotiations and complete contract documentation and deliver the ESF programme in County Durham.

6. Medium Term Financial Plan 2012/13 – 2015/16 and Revenue and Capital Budget 2012/13
Cabinet Portfolio Holder – Councillor Alan Napier
Contact – Jeff Garfoot- 0191 383 3555

We have considered a joint report of the Corporate Director, Resources and Assistant Chief Executive that provided comprehensive information to enable us 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

We have 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

**7. Housing Revenue Account Medium Term Financial Plan 2012/13 to 2016/17 and 2012/13 Budget
Cabinet Portfolio Holders – Councillors Alan Napier, and Clive Robson
Contact – Azhar Rafiq- 0191 383 4028**

We have considered a joint report of the Corporate Director, Resources and Corporate Director, Regeneration and Economic Development that provided information to enable us 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

We have 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.

8. Council Plan and Service Plans 2012 – 2016
Leader of the Council – Councillor Simon Henig
Contact – Tom Gorman- 0191 372 7694

We have 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

We have:

- 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.

9. Library Strategy
Key Decision AWH04/11
Cabinet Portfolio Holder – Councillor Maria Plews
Contact – Gerald Tompkins- 0191 383 3176

We have 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. We will consider a further report 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 our 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 we have 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

We have 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.

**Councillor S Henig
Leader of the County Council**

14 February 2012

County Council

22 February 2012

Budget 2012/13

Report under Section 25 of Local
Government Act 2003



Report of Don McLure, Corporate Director, Resources

Purpose of the Statement

- 1 The purpose of this statement is to provide Members with information on the robustness of the estimates and the adequacy of reserves, so that Members have authoritative advice available when they make their budget decisions at County Council on 22 February 2012.

Background

- 2 Local Authorities decide every year how much they are going to raise from Council Tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services.
- 3 The decision on the level of the Council Tax is taken before the year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:
 - a) making prudent allowance in the estimates for each of the services;
 - b) ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
- 4 Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to Full Council when it is considering its Budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions.
- 5 Section 25 also requires Members to have regard to this report in making their decisions.

Robustness of Estimates

- 6 Service Groupings have been building detailed budgets throughout the year. Transfers between Services have been made to reflect more accurately the Service structures and responsibilities. In addition Service pressures have been identified. Reports have been presented to Cabinet and Overview and Scrutiny.
- 7 The budget proposals reflect the current position and forecast outturn spend for 2011/12. The budget is based on extensive work and assurances from Corporate Directors and their finance support staff. Cabinet Members have worked with their respective Directors throughout the process. Overview and Scrutiny have been able to question Service Groupings on current budgets, performance and proposals. The public, trade unions and the National Non-Domestic Ratepayers have been consulted on the proposals.
- 8 Extensive work has also been carried out to produce a balanced Medium Term Financial Plan (MTFP). A range of broad assumptions have been utilised and robustly challenged as part of the MTFP process. More work is needed for years 2, 3 and 4 of the MTFP, but in my view we have taken all reasonably practical steps to identify and make provision for the County Council's commitments in 2012/13.

Adequacy of Reserves

- 9 The Chartered Institute of Public Finance and Accountancy (CIPFA) Local Authority Accounting Panel (LAAP) has issued a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 77) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government. It would be best practice to follow this guidance.
- 10 The guidance however states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of budget. Each Local Authority should take advice from its Chief Financial Officer and base its judgement on local circumstances.
- 11 Reserves can be held for three main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
 - A means of building up funds, earmarked reserves, to meet known or predicted requirements.
- 12 The most recent bulletin, published in November 2008 highlights a range of factors, in addition to cash flow requirements that Councils should consider; these include the treatment of inflation, the treatment of demand led

pressures, efficiency savings, partnerships and the general financial climate, including the impact on investment income. The bulletin also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If Members choose to use reserves as part of this budget process appropriate action will need to be factored into the MTFP to ensure that this is addressed over time.

- 13 The risk management process has identified a number of key risks which could impact on the County Council's resources. In particular, a number are likely to impact in the short-term.
- 14 The setting of the level of reserves is an important decision not only in the budget for 2012/13, but also in the formulation of the MTFP over the next 4 years.
- 15 It is recommended that the County Council adopts a policy for reserves as follows:
 - Set aside sufficient sums in earmarked reserves as it considers prudent to do so. The Corporate Director Resources will be authorised to establish such reserves as are required, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Resources and to Cabinet.
 - Aim to maintain, broadly, general reserve levels in the medium to longer-term of at least between 3% and 4% of the budget requirement or at least £13m to £17m in cash terms.
- 16 Earmarked reserves have been established to provide resources for specific purposes. Of these reserves, the use of schools balances is outside of the control of the County Council.
- 17 In my view, if the County Council were to accept the Cabinet's recommended freeze of Council Tax, funding for unavoidable service pressures and investments, proposals for savings and for capital then the level of risks identified in the budget process, alongside the Authority's financial management arrangements suggest that the level of reserves is adequate.

Recommendation

- 18 It is recommended that:
 - a) Members have regard to this statement when approving the budget and the level of Council Tax for 2012/13.

Contact:

Don McLure

Tel: 0191 383 3550

Appendix 1: Implications

Finance – This report sets out the view of the Council's Section 151 Officer in relation to the robustness of estimates and the adequacy of reserves determined in the 2012/13 budget build.

Staffing – None.

Risk – All relevant risks have been considered by the Section 151 Officer in coming to this view.

Equality and Diversity / Public Sector Equality Duty – None.

Accommodation – None.

Crime and Disorder - None.

Human Rights – None.

Consultation – None.

Procurement – None.

Disability Issues – None.

Legal Implications – Section 25 of the 2003 Local Government Act requires the Authority's Chief Financial Officer to provide assurance upon the robustness of estimates and the adequacy of reserves.

County Council

22 February 2012



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

Report of Cabinet

(Councillor Simon Henig, Leader of the Council)

Purpose of the Report

- 1 To provide County Council with the financial details of the Cabinet's budget recommendations for 2012/13 Budget and the Medium Term Financial Plan (MTFP) 2012/13 to 2015/16.

Executive Summary

- 2 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.
- 3 In total, the Cabinet 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.
- 4 After also taking into account estimated base budget pressures and growth in some priority service areas, Cabinet 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.
- 5 Despite having to make the above unprecedented level of savings, Cabinet is recommending that Council agrees 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, the Cabinet is also able to protect and increase some service budgets for the benefit of council tax payers including:
 - for the third consecutive year, the Cabinet is recommending that council tax for County Durham should stay the same in 2012/13 if the Council accepts the Government's 'one off' Council Tax Freeze Grant. The grant would be payable in 2012/13 but not in future years and equates to almost £5m and is equivalent to the income that the Council would receive from 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.
- 6 The Cabinet is forecasting grant reductions 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 around 5.7% and 3.7% respectively.
- 7 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.
- 8 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.
- 9 The results of this consultation were fully reflected in last year's MTFP report and the Cabinet's development of this new MTFP for 2012/13 to 2015/16 has continued to take this consultation into account. The Cabinet's 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.

Budget Pressures

- 10 The Cabinet recommends that the 2012/13 budget also needs to absorb several significant cost pressures including:
- Landfill tax of £1.07m due to the Government increasing the costs of landfill by £8 per tonne from April 2012;

- Additional employer pension contributions of £1.2m due to a 5.3% increase on the sum required to recover the forecast deficit for County Council employees on the Pension Fund;
- Concessionary fares - due to the increasing numbers of pensioners qualifying for bus passes, the increasing patronage on bus services and the withdrawal of Government Grants to bus companies, the concessionary fares budget is forecasted to increase by £0.85m;
- Excessive inflation experienced during 2011/12 on energy and fuel costs has required £1.35m and £1.0m to be added to base budgets in 2012/13.

Capital Funding

- 11 The Council continues to strive to attract grant funding from external sources and was recently successful in receiving a provisional grant of £6.9m for improving Superfast Broadband access in remote areas across the County. Confirmation of funding is anticipated by 29 February 2012 to enable a procurement exercise to be carried out in the summer for the engagement of an external partner to support the roll out programme.
- 12 Funding of £3.8m has also been confirmed from the Housing and Communities Agency to improve four Gypsy and Travellers' sites across the County. These much needed improvements will start in 2012/13.
- 13 Unfortunately, Government support for capital investment in schools has significantly reduced below expectation for 2012/13 with a £3.6m reduction from 2011/12 levels.
- 14 After taking into account external grants, forecasted income from capital receipts and unsupported prudential borrowing, the Cabinet has set aside enough funding for the Council to be able to make new investments of £60.2m in 2012/13 and £43.3m in 2013/14 in addition to the current earmarked schemes in the Capital Programme. This would result in the Council having a total Capital Programme across the 2012/13 to 2015/16 three year MTFP period of £359.4m as outlined in Appendix 6.

Equality and Diversity Impact Assessments and Risk Assessments

- 15 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 this key decision making process.
- 16 Looking forward beyond the 2012/13 budget, the County Council faces a number of significant risks including:
 - The Local Government Finance Bill contains plans for Business Rate income to be retained locally and become the main source of income for councils along with locally raised Council Tax from April 2013. The MTFP included in this report assumes the level of business rate income will not reduce in 2013/14 when compared to the 2012/13 base line position.

- In addition, the Finance Bill contains plans for the localisation and control of Council Tax Benefit award criteria to be devolved to local authorities but with an estimated 10% reduction in Government funding. The Cabinet's recommended MTFP from 2013/14 assumes council tax benefit costs will be contained within the Government's grant allocation.
 - The transfer of Public Health responsibility and delivery of public health services to the Council will also take place from April 2013. A shadow budget for the Council for 2012/13 was due to be announced by the Government in December 2011, but no announcement has been made yet.
- 17 All of the above issues will need to be considered over the next twelve months in the development of the Council's next MTFP for 2013/14 to 2016/17.
- 18 Because of all the above risks, plus the 2012/13 budget risks listed in paragraph 52 including:
- 2012/13 pay award
 - Inflation impact on external contracts
 - Global economy potential impact on interest rates and inflation
 - Single status implementation costs

The Cabinet believes it is prudent to include a contingency budget of £3.2m in the Council's 2012/13 base budget.

Development of the 2012/13 – 2015/16 Medium Term Financial Plan

- 19 The Cabinet's recommended Medium Term Financial Plan (MTFP) integrates corporate service and financial planning over a four-year budgeting period – 2012/13 to 2015/16.
- 20 The MTFP translates the Council Plan priorities into a financial framework that enables members and officers to ensure policy initiatives can be delivered within available resources, and can be aligned to priority outcomes.
- 21 The MTFP provides the resource envelope that has allowed the Cabinet to set out the policy framework and service and financial planning leading up to this Budget and Council Tax setting report to Full Council.
- 22 The drivers for the Council's financial strategy are the same as those that were agreed by Cabinet on 28 June 2010 and include:
- To set a balanced budget over the life of the MTFP whilst maintaining modest and sustainable increases in Council Tax.
 - To fund agreed priorities, ensuring that service and financial planning is fully aligned with the Council Plan.
 - To deliver a programme of planned service reviews designed to keep reductions to front line services to a minimum.
 - To strengthen the Council's financial position so that it has sufficient reserves and balances to address any future risks and unforeseen events

without jeopardising key services and delivery of service outcomes for customers.

- Always ensuring the Council can demonstrate value for money in the delivery of its priorities.

Local Government Finance Settlement

Formula Grant

- 23 Under the current CSR announced in December 2010, the Government provided local authorities with a two year Finance Settlement for 2011/12 and 2012/13. The Formula Grant allocations for Durham County Council for 2011/12 and 2012/13 were as follows:

	£m
2011/12	235.4
2012/13	218.3

- 24 The Government confirmed the Council's 2012/13 Formula Grant on 8 December 2011 at £223.2m. This includes a transfer into the Formula Grant of the 2011/12 Council Tax Freeze Grant for 2012/13 of £4.9m. On this basis the core Formula Grant of £218.3m is unchanged from last year's announced settlement figure for 2012/13 i.e. a reduction of £17.1m. The settlement information also confirmed a major shift in the grant elements that make up the Formula Grant as detailed below.

Table 1 – Formula Grant Breakdown 2011/12 and 2012/13

	2011/12 £m	2012/13 £m
Redistributed Business Rates	179.8	219.0
Revenue Support Grant	55.6	4.2
TOTAL FORMULA GRANT	235.4	223.2

- 25 There has been a significant increase in re-distributed Business Rates the Council receives from £179.8m to £219m. At the same time the Council will only receive £4.2m of Revenue Support Grant in 2012/13.
- 26 This adjustment is linked to the future changes in the financing of Local Government detailed in the Local Government Finance Bill. It is likely that from 2013/14 the Council will receive little or no Revenue Support Grant.
- 27 The Government has indicated that the 2013/14 Finance Settlement will not be announced until December 2012. This late announcement will make it more difficult in financial planning terms. The Government should be in a position to provide notification of the settlement much earlier than this to enable more effective planning to occur and this will be drawn to their attention during the summer.

New Homes Bonus

- 28 The New Homes Bonus was introduced in April 2011. The grant calculation and award is based upon the net increased change in dwellings in each Council Tax Band from one year to the next, multiplied by the previous year's National Average Council Tax for that band.
- 29 The Government is financing the New Homes Bonus by 'top slicing' Formula Grant. Analysis has been carried out into Formula Grant the Council would have received if the New Homes Bonus had not been introduced, compared to the New Homes Bonus that the Council actually receives. The outcome of the analysis for County Durham is detailed in the table below.

Table 2 – Impact of the Introduction of a New Homes Bonus

	Top Slice Formula Grant Loss (Cumulative)	Cumulative New Homes Bonus	Cumulative Loss of Funding
	£m	£m	£m
2011/12	1.86	1.30	0.56
2012/13	4.24	2.55	1.69

- 30 The table above identifies that in 2012/13 the Council will have lost £1.69m since the introduction of the New Homes Bonus.

2011 Autumn Statement

- 31 The Chancellor of the Exchequer delivered his Autumn Statement (AS) on 29 November 2011. The AS contained a number of issues which will impact upon the finances of councils as detailed below:

(i) **Public Sector Pay**

The current Comprehensive Spending Review (CSR) identified that there would be a pay freeze in the Public Sector for 2011/12 and 2012/13. The AS detailed that in addition to the pay freeze, a cap will be placed upon increases in Public Sector Pay for 2013/14 and 2014/15 of 1% per annum. Although councils receive no specific Government funding for pay awards, the AS identified that the Finance Settlements received by councils in 2013/14 and 2014/15 would be reduced to take account of the 1% pay cap. Nationally, the forecasted sums deducted are detailed overleaf along with the forecast annual impact upon the Council.

Table 3 – Impact on 1% Pay Increase Cap

Year	National Funding Reduction	Estimated Durham County Council Loss of Grant
	£m	£m
2013/14	240	2.28
2014/15	257	2.44

The Grant reductions detailed above are in addition to the Grant reductions already indicated in the CSR for 2013/14 and 2014/15 of £2.65m and £12.4m respectively.

(ii) Finance Settlements for 2015/16 and 2016/17

The AS announced that Government expenditure would reduce by 0.9% in real terms in 2015/16 and 2016/17 i.e. after taking into account a forecasted 2.5% annual inflation rate. The AS also provides outline forecasts on Departmental Expenditure Limits (DEL) for 2015/16 and 2016/17. DEL relate to Government Departmental budgets such as the Department for Communities and Local Government (DCLG). The AS forecast total for DEL in 2015/16 and 2016/17 is detailed in table 4 below:

Table 4 – Forecast Reduction in Department Expenditure Limits 2015/16 and 2016/17

Year	DEL	Annual Reduction
	£bn	%
2014/15	328.1	-
2015/16	324.5	1.1
2016/17	323.5	0.3

- The table above shows that the current CSR funding reductions will continue into 2015/16 and 2016/17. To forecast the likely reductions in DCLG funding, it has been assumed that Health, Education and Overseas Aid budgets will continue to receive financial protection – in this case an annual 2.5% increase in funding.

Applying these assumptions would result in the following reduction in Government funding for the Council in 2015/16 and 2016/17.

Table 5 – Forecast Reductions in Government Support in 2015/16 and 2016/17

Year	Reduction in Government Funding	
	£m	%
2015/16	11.6	5.7
2016/17	7.1	3.7

Factoring in annual inflation of 2.5% would result in real term cuts of 8.2% and 6.2% respectively.

Specific Grants

- 32 The existing CSR significantly reduced the number of specific grants received by councils. Although these grants are not ring fenced and any increase could be utilised to support the Council's overall budget, the grant increases are often associated with additional duties and responsibilities. The MTFP report agreed by Cabinet on 13 July 2011 identified that the New Homes Bonus would be utilised to support the 2012/13 budget but that Service Groupings would retain any other increases in Specific Grants. The increases received in 2012/13 are detailed below:

Supporting the Overall 2012/13 Budget

	£m
New Homes Bonus	2.55

Specific Grant Increases Utilised by Service Groupings

	£m
Learning and Disability Reform Grant	0.23
Early Intervention Grant	1.05
Local Services Support Grant	0.30
Preventing Homelessness Grant	0.07
Local Lead Flood Authorities Grant	0.09

- 33 There have also been reductions in some grants which are either included as pressures in the 2012/13 budget or will be managed within service groupings cash limits.

Recommendations

- 34 **It is recommended that Members:**
- (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.

Consultation

- 35 Throughout November 2010, the Council consulted extensively with over 8,000 members of the public and partner agencies to determine their views as to how it might set its four year budget, and in particular, address the unprecedented challenge of managing reductions in excess of £123.5 million.
- 36 The programme of consultation included a range of techniques including:
- An extensive Residents' Survey
 - A postal survey
 - An online survey
 - Deliberation at Area Action Partnership (AAP) Forums.
- 37 The results of the consultation formed a key element of the Cabinet's Budget report to Council in February 2011 that approved the authority's four year savings strategy. That report highlighted that although various methods were used, there was a great deal of consistency in the messages provided by the participants. These messages highlighted a preference to protect the following services wherever possible:
- Winter maintenance
 - Repairs to roads and pavements
 - Adult care services
 - Community safety and tackling anti social behaviour
 - Child protection, adoption and fostering
- 38 There was also a clear message for the Council on applying a greater reduction to support services such as resources, policy, service improvement, scrutiny and communications.
- 39 Members will be aware that these findings were used to develop the Council's current four year savings plan. The proposals developed by Service Groupings to meet the revised savings targets have been developed in line with the key findings of the consultation. Consequently, the focus of this year's budget consultation has not been to duplicate the collection of preferences when these were comprehensively collected so recently. Instead, presentations, with the opportunity for questions, have been given to each AAP Forum by a member of the Council's Corporate Management Team to highlight the continued significance of the public preferences highlighted above in the Cabinet's current saving plan proposals.

- 40 In addition to presentations to individual AAPs, the Leader of the Council also held an open question and answer session at the inaugural joint meeting of AAPs where those present were given the opportunity to ask Councillor Henig questions on any aspect of the budget.
- 41 The questions raised at these events fell into three broad categories. The largest category included queries raised by members of the public seeking clarification as to the approach being taken towards achieving the reductions as they relate to particular service areas. The second category was queries highlighting concerns that the changes were perceived to be having on a small number of service areas, these included benefits and planning. Although none of the questions raised have fundamentally disagreed with the approach being taken by the Council to managing the budget reductions, the third category of questions did highlight the need to monitor the impact when applying the reductions. In particular, a number of the questions have focussed on the need to be vigilant as to the potential impact of reductions on rural and deprived communities.
- 42 The questions raised by the public have reaffirmed partner agencies' responses to last year's consultation, namely that as the reductions are applied, the impact on the different localities of Durham need to be reviewed. This matter has been raised at the County Durham Partnership where work is ongoing to ensure a multi-agency approach is taken to address this issue given the need for reductions across the public sector.
- 43 Members should also note that in addition to the countywide consultation on the MTFP carried out in November, prior to any proposed saving being implemented, where this has a direct impact on service users, detailed service specific consultations will be carried out to inform the relevant decision making body. This continued commitment was reaffirmed at all the AAP forums.

Recommendation

- 44 **It is recommended that members:**
- (i) **Note the basis on which the consultation carried in 2010 has informed the Cabinet's budget setting process and the ongoing commitment to carry out targeted consultation prior to commencing service changes where they would impact service users**

Revenue Budget

Forecast of Outturn for 2011/12

- 45 Projected outturn figures for the County Council based upon information as at 30 September 2011 were agreed by Cabinet on 16 November 2011 and at that time forecasted a reduction in Cash Limit Reserves of £0.3m and an addition to General Reserve of £2.6m. An update based upon the period to 31 December 2011 will be presented to Cabinet on 29 February 2012.

- 46 The final outturn for 2011/12 will be determined as part of the production of the Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director Resources will be required to make a number of decisions in the interests of the Council. Such decisions will be fully disclosed in the Statement of Accounts.

Recommendations

- 47 **It is recommended that Members:**
- (i) **Note the 2011/12 Forecast of Outturn contribution to the 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.**

Revenue Budget for 2012/13

- 48 The initial strategy report on the 2012/13 – 2015/16 MTFP and 2012/13 Budget was agreed by Cabinet on 13 July 2011. This report detailed the review that had been carried out into the MTFP assumptions for 2012/13. A key factor at that stage of the 2012/13 budget process was the forecasted impact upon the MTFP of excessive inflationary pressures, especially relating to energy and fuel costs.
- 49 The review identified that additional savings were going to be required to balance the 2012/13 budget in addition to the 5% savings already detailed in the previous MTFP. Each service grouping was therefore allocated an additional 2% savings target, amounting to £7.07m.

Base Budget Pressures in 2012/13

- 50 The MTFP agreed by Council on 23 February 2011 identified a range of forecast base budget pressures for 2012/13. Throughout the last seven months Cabinet has approved updated MTFP reports which have reviewed and updated estimates in this regard. The table overleaf details the final forecasted position on the 2012/13 Base Budget pressures:

Table 6 – 2012/13 Base Budget Pressures

	£m
Price Inflation (2%)	2.50
Corporate Risk Contingency	3.20
Landfill Tax	1.07
Employer Pension Contributions	1.20
Concessionary Fares	0.85
Energy Inflation	1.35
Fuel Inflation	1.00
Pension Augmentation	1.85
Community Buildings	0.18
Housing Benefit Lost Admin Grant	0.52
Animal Health Grant Reductions	0.08
Safeguarding Children	1.50
AWH Demographic Pressures	2.15
TOTAL	17.45

- 51 The forecasted additional demographic pressures in Adults, Wellbeing and Health (AWH) for 2012/13 of £2.15m are to be financed from the AWH demographic pressures earmarked reserve.
- 52 A prudent element of the base budget pressures is the £3.2m Corporate Risk Contingency budget. The financial environment in which the Council is currently working is highly volatile and a range of financial risks, as well as the ones included in paragraph 16 above are to be faced from 2012/13. Some of these additional risks are detailed below:
- (i) **2012/13 Pay Award** – at this stage the Cabinet’s MTFP model is assuming a 0% pay award but trade unions have submitted a request for a 5% pay award. Negotiations are ongoing.
 - (ii) **Inflation** – although inflation is reducing, the economy has encountered inflation in excess of 5% for the last 6 months. The Council could come under pressure in the coming months from external service providers for contract price increases in excess of the 2% price inflation sum included in the 2012/13 base budget.
 - (iii) **Global economy** – the broader global economy is so volatile at the present time that it is not possible for the Council to predict what may happen in the next twelve months. Any negative impact upon interest rates or inflation can increase the Council’s cost base significantly.
 - (iv) **Single Status** – following Council approval in November 2011 to commence negotiations with the Trade Unions, the Council is expecting to implement a new Single Status pay model during 2012/13. At this stage the financial consequences are yet to be determined.

Service Grouping Investment Priorities

- 53 Service Groupings have recognised the financial pressures faced by the Council and have minimised bids for additional investments. Wherever possible, Service Groupings will manage pressures within their cash limits. The Service Groupings' investment priorities are detailed below:

Table 7 – Investment Priorities

Service Grouping	Investment Priority	2012/13
		£m
Neighbourhoods	Contaminated Land - Site Surveys	0.10
Resources	Community Governance Reviews	0.10
TOTAL		0.20

Other Pressures

- 54 Other pressures facing the Council relate to support for the current capital programme and the need for continued prudential borrowing to support ongoing capital investment. The investment need is detailed below:

Table 8 – Other Budget Pressures

	£m
Capital financing for current programme	3.03
Prudential Borrowing for ongoing capital investment	0.50
TOTAL	3.53

Savings

- 55 The Council's approach to achieving savings for the previous MTFP period 2011/12 – 2014/15 was set out in the approved Budget report to Council on 23 February 2011. At that time, the Council was facing Government Grant cuts of £92.4m over the four year period with total savings of £123.5m due to the need to finance additional budget pressures.
- 56 To achieve these very significant levels of savings, the Resources Service Grouping had a savings target of 33% across the MTFP period and all other service groupings were set a savings target of 25%. The Council also confirmed that at least 30% reductions in the costs of Management and Support Services would be achieved across the MTFP period.
- 57 During 2011/12 since the previous MTFP was developed, a range of factors have impacted upon the finances of the Council and have led to a deterioration in the financial outlook as detailed overleaf:

- (i) The Council continues to face a range of base budget pressures which must be addressed e.g. demographic pressures in AWH, safeguarding pressures in CYPS, excessive inflation on fuel and energy.
- (ii) Government confirmation that the Finance Settlement for 2013/14 and 2014/15 will be reduced further due to the setting of a 1% annual pay cap.
- (iii) Outline Government confirmation that Public Expenditure will continue to be reduced in 2015/16 and 2016/17.

58 The savings plans for each service grouping for the 2012/13 – 2015/16 MTFP period are detailed in Appendix 2. The table below summarises the savings targets for each Service Grouping across the MTFP. The table also shows the forecasted shortfall in savings which will need to be identified to achieve financial balance from 2013/14 onwards due to the deterioration in the financial outlook for the Council as detailed above.

Table 9 – Service Grouping Savings Plans

Service Grouping	2012/13	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m	£m
ACE	0.8	0.6	0.3	0.2	1.9
AWH	9.1	8.4	6.1	3.2	26.8
CYPS	4.8	3.6	3.6	1.3	13.3
NS	6.3	4.0	2.6	1.3	14.2
RED	2.5	0.8	0.6	0.5	4.4
Resources	2.9	2.3	2.6	0.6	8.4
Other	0.2	0.3	0	0	0.5
Savings yet to be identified	0	0.9	8.7	13.7	23.3
TOTAL	26.6	20.9	24.5	20.8	92.8

59 The total saving for the period 2011/12 – 2015/16 is summarised below:

Table 10 – Total Savings 2011/12 – 2015/16

Year	Saving
	£m
2011/12	66.4
2012/13 – 2015/16	92.8
TOTAL	159.2

60 The saving of £159.2m represents a budget reduction of approximately 37% of the Council's 2010/11 Net Budget Requirement over this five year period.

2012/13 Net Budget Requirement

- 61 After taking into account base budget pressures and savings, the Cabinet's recommended Council Net Budget Requirement for 2012/13 is £432.58m. How the budget would be financed is detailed below:

Table 11 – Financing of 2012/13 Budget

Financing Method	Amount
	£m
NNDR	219.007
Revenue Support Grant	4.245
Council Tax	201.788
Council Tax Freeze Grant	4.989
New Homes Bonus	2.551
TOTAL	432.580

- 62 The Gross Expenditure and Net Expenditure Budget for 2012/13 for each Service Grouping would be as detailed at Appendix 3. Appendix 4 provides a summary of the 2012/13 Budget by Service expenditure type, based on the Chartered Institute of Public Finance and Accountancy (CIPFA) classifications of cost.

Council Tax

- 63 The Government has confirmed that councils will receive a Council Tax Freeze Grant equivalent to 2.5% increase in Council Tax, if they agree not to increase Council Tax in 2012/13. This grant however, valued at almost £5m for County Durham, is a one-off, unlike the Council Tax Freeze Grant received in 2011/12 which has now been built into Formula Grant and will continue to be paid going forward for at least this CSR period to 31 March 2015.
- 64 The 2012/13 Council Tax Base was approved by Cabinet on 14 December 2011. The council tax base for 2012/13 is 157,295.3 Band D equivalent properties. The tax base for council tax setting and income generation purposes will be based upon a 98.5% collection rate in the long run.
- 65 The 2012/13 budgeted council tax income has taken the following factors into account:
- (i) The increase in the tax base will generate additional council tax income of £0.8m.
 - (ii) The Council is no longer forecasting to achieve a Collection Fund Surplus in 2012/13. This is identified as a £0.8m pressure for 2012/13.
 - (iii) The reduction in Council Tax Discount to nil on long term empty properties agreed by Council on 14th December 2011 is forecast to generate an additional £2.1m of income in 2012/13. It is prudent to forecast that the Government's Formula Grant will be reduced correspondingly in 2013/14 so the £2.1m should be treated as a one off financial benefit only at this stage.

- 66 The Government announced as part of the Finance Settlement that any Council setting a Council Tax increase in excess of 3.5% would require council tax payer approval through a referendum.
- 67 Council has previously agreed to a 10% council tax discount for the owners of 'second homes'. It is recommended that this policy continues.
- 68 **It is recommended that Members:**
- (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 for 2012/13 and thereby leave County Council' Council Tax levels unchanged for the third consecutive year.**
 - (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.**

Medium Term Financial Plan – 2012/13 to 2015/16

- 69 The following assumptions have been utilised in developing the Cabinet's MTFP model for 2012/13 – 2015/16:
- (i) Government Grant reductions for the MTFP period have been developed utilising information from both the 2012/13 Finance Settlement, the CSR and the Autumn Statement. The forecast reductions in Government Grant are shown in table 12 below:

Table 12 – Forecast Government Grant Reductions

Year	Grant Reduction £m
2012/13	17.177
2013/14	4.930
2014/15	14.840
2015/16	11.560

- (ii) Forecast Pay and Price Inflation levels have taken into account the 1% pay increase cap for 2013/14 and 2014/15 as detailed overleaf:

Table 13 – Pay and Price Inflation Assumption

Year	Pay Inflation	Price Inflation
2012/13	0%	2%
2013/14	1.0%	2%
2014/15	1.0%	1.5%
2015/16	1.5%	1.5%

- (iii) Continuing budget pressures in relation to Landfill Tax, Carbon Tax, Employer Pension Contributions, Concessionary Fares, energy price inflation and AWH demographic pressures.
 - (iv) All staffing budgets currently have a 3% turnover allowance deducted. In the coming years, staff turnover is expected to reduce with a 2% turnover rate felt to be more prudent which the Cabinet is recommending be built into the MTFP from 2013/14.
 - (v) Continuing need to support both the current and additional capital programmes, whilst accounting for variations in estimated investment income.
 - (vi) Council Tax increases for 2013/14 to 2015/16 are assumed to be 2.5% per annum.
 - (vii) There is a need for additional savings to be identified in 2013/14, 2014/15 and 2015/16 totalling £23.3m to achieve a balanced budget across the whole MTFP.
- 70 The Local Government Finance Bill, if enacted will introduce two key policies which will have a significant impact upon the MTFP from 2013/14 as detailed below:
- (i) **Localisation of Business Rates** – the Government’s Local Government Resource Review (LGRR) recommends that councils should be able to retain all business rate income generated locally. This would provide a constant income stream and could incentivise councils to grow their local economies on the basis that they will be able to retain the additional business rates generated from any new businesses and growth in existing businesses. The business rate income would replace Formula Grant received from Government. To ensure no Council is favoured or penalised, a system of ‘top ups’ and ‘tariffs’ will be introduced as a starting point. Beyond this time however, a significant proportion of the Council’s ongoing income, will in effect depend upon the health and vitality of the local economy. This will be a significant risk for the Council as there is little, if any link, between the local economy and the demand for major services such as for example; care provision for the elderly and safeguarding services for children. The MTFP model makes no assumptions at this stage of the likely financial impact of this policy.

- (ii) **Localisation of Council Tax Benefit Support** – the Government intends to implement this policy also from 1 April 2013. Before implementation, the Government intends to top slice 10% of council tax benefit funding, which equates to circa £6m for County Durham. The Council will become responsible for developing a policy to distribute council tax benefit although the Government will stipulate that key vulnerable groups, such as pensioners, must be protected. This is likely to result in people of working age facing a disproportionate impact. The MTFP model assumes the funding reduction from withheld council tax benefit funding will be fully passported via a revised Council Tax Benefit Scheme. The Council will also be financially responsible for any increased costs due to residents claiming additional benefit, especially during a period of recession.

Financial Reserves

71 Reserves are held:

- (i) As a working balance to help cushion the impact of uneven cashflow and avoid unnecessary temporary borrowing – this forms part of the General Reserve.
- (ii) As a contingency to cushion the impact of unexpected events or emergencies – this also forms part of General Reserves.
- (iii) As a means of building up funds, Earmarked Reserves to meet known or predicted future liabilities.

72 The Council's current reserves policy is in summary:

- (i) To set aside sufficient sums in earmarked reserves as it considers prudent to do so.
- (ii) Aim to maintain General Reserves of between at least 3% to 4% of the Council's net budget requirement which equates to between at least £13m to £17m.

73 Each Earmarked Reserve, with the exception of the Schools' reserve, is reviewed on an annual basis. The Schools' reserve is the responsibility of individual schools with balances at the year end which make up the total reserve.

74 A Local Authority Accounting Panel Bulletin published in November 2008 (LAAP77) makes a number of recommendations relating to the determination and the adequacy of Local Authority Reserves. The guidance contained in the Bulletin 'represents good financial management and should be followed as a matter of course'.

75 This bulletin highlights a range of factors, in addition to cash flow requirements that councils should consider; these include the treatment of inflation, the treatment of demand led pressures, efficiency savings, partnerships and the general financial climate, including the impact on investment income. The bulletin also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If

Members were to choose to use general reserves as part of this budget process appropriate action would need to be factored into the MTFP to ensure that this is addressed over time.

- 76 The setting of the level of reserves is an important decision not only in the budget for 2012/13 but also in the formulation of the Medium Term Financial Plan.
- 77 The Quarter 2 Forecast of Outturn agreed by Cabinet on 16 November 2011, forecast a General Reserve Balance at 31 March 2012 of £19.95m. Taking this forecast level of General Reserve and the risks facing the Council into account, it is recommended that the Council maintains its current policy for Reserves as follows:
- (i) Set aside sufficient sums in Earmarked Reserves as it considers prudent to do so. The Corporate Director Resources will be authorised to establish such reserves as are required, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Resources and to Cabinet.
 - (ii) Aim to maintain General Reserve levels of between at least 3% and 4% of the Net Budget Requirement or in cash terms, at least between £13m to £17m.
- 78 A balanced MTFP model has been developed after taking into account the assumptions detailed above. The MTFP model is summarised below with full detail attached at Appendix 5.

Table 14 – MTFP Summary Position

	2012/13	2013/14	2014/15	2015/16	TOTAL
	£m	£m	£m	£m	£m
Reduction in Resource Base	5.440	5.030	12.873	7.315	30.658
Budget Pressures	21.180	15.876	11.584	13.467	62.107
Savings Required	26.620	20.906	24.457	20.782	92.765

Recommendations

- 79 **It is recommended that Members:**
- (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 will 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 at least £13m to £17m.

Capital Budget

80 The current 2011/12 Capital Budget of £167.9m was approved by Cabinet on 8 February 2012. The table below details the latest revised Capital Budget for the period 2011/12 to 2014/15 and how the programme is financed.

Table 15 – Revised Capital Programme

Service Grouping	2011/12	2012/13	2013/14	2014/15	Total
	£m	£m	£m	£m	£m
ACE	2.520	2.443	1.359	-	6.322
AWH	0.569	1.609	1.862	4.584	8.624
CYPS	77.721	80.961	33.505	0.533	192.720
Neighbourhoods	28.591	13.670	1.261	1.054	44.576
RED	48.956	25.153	1.392	0.250	75.751
Resources	9.572	13.442	2.450	0.491	25.955
Other	-	45.366	30.000	30.000	105.366
Total	167.929	182.644	71.829	36.912	459.314
Financed by					
Grants & Contributions	98.498	67.340	20.904	-	186.742
Revenue and Reserves	6.069	1.832	1.607	0.807	10.315
Capital Receipts	5.982	20.634	10.000	10.000	46.616
Capital Receipts – BSF/Schools	0.066	2.974	8.000	3.000	14.040
Borrowing	57.314	89.864	31.318	23.105	201.601
Total	167.929	182.644	71.829	36.912	459.314

Capital Consideration in the MTFP Process

- 81 Service Groupings developed Capital bid submissions during the summer alongside the development of revenue MTFP proposals. The Council's Corporate Management Team (CMT) and the MOWG have considered the Capital bid submissions taking the following into account:
- (i) Priority based upon Asset Management Scoring System.
 - (ii) Service Grouping assessment of priority.
 - (iii) Affordability based upon the availability of capital financing. This process takes into account the impact of borrowing upon the revenue budget.

- (iv) Whether schemes could be self-financing i.e. capital investment would generate either revenue savings or income generation enough to repay the borrowing costs to fund the schemes.

82 Whilst considering Capital bid proposals, MOWG recognised the benefits of committing to a longer term Capital programme to aid effective programming of investment. At the same time MOWG also recognised the need for caution in committing the Council to high levels of prudential borrowing at this stage for future years.

Government Capital Grant Allocations

83 The 2011/12 Local Government Finance Settlement provided indicative figures for 2012/13 for both Local Transport Plan (LTP) Grant and General Resource Social Services Grant. Actual allocations are in line with this earlier announcement.

84 Capital Grant allocations from the Department for Education (DfE) for 2012/13 are extremely disappointing. The Council received £13.6m in 2011/12 to invest in Schools Structural Maintenance and to provide accommodation for schools with additional pupils. The Council was expecting to receive a similar sum in 2012/13 but the sum actually received was much less as shown in the table below:

Table 16 – DfE 2012/13 Capital Grant

	£m
School Structural Maintenance	7.69
Basic Need (Additional Pupils)	2.23
TOTAL	9.92

85 The sum received is 27% less than forecast. The key reasons for the reduction are as follows:

- (i) Almost 30% of the Schools Structural Maintenance grant nationally has been 'top sliced' and is being allocated to new School Academies.
- (ii) Basic Need funding apportionment is based upon pupil growth targeting funds more towards the South East rather than Durham.

86 The Government Grants that the Council will receive in 2012/13 and indicative grant levels for future years are detailed in the table overleaf:

Table 17 – 2012/13 Government Capital Grants

Govt Dept	Grant	2012/13	2013/14	2014/15
DoH	General Personal Social Services	1.50	---	---
DfE	Capital Maintenance	7.69	---	---
DfE	Basic Need	2.23	---	---
DfE	Schools Capital Maintenance	3.59	---	---
DfE	Schools Devolved Capital	1.55	---	---
DfT	Local Transport Plan - Highway Maintenance	10.68	10.13	9.78
	Integrated Transport	3.18	3.18	4.47
TOTAL		30.42	13.31	14.25

Capital Receipt Forecasts

- 87 Based upon the current Asset Disposal Programme, the level of capital receipts estimated per annum is £10m (excludes capital receipts ring fenced for use in the Building Schools for the Future (BSF) programme and new school builds in Stanley and Consett). This is deemed to be a reasonable target based upon prevailing market conditions.

Self Financing Schemes

- 88 In many circumstances, capital investment will generate revenue efficiencies. To finance these programmes should they be approved by Council, Service Groupings will transfer sufficient sums to the Capital Financing budget to cover the relevant borrowing costs.
- 89 In total, it is being recommended that £3.52m of Self Financing capital schemes are to be supported in 2012/13.

External Grants

- 90 Two schemes in the capital programme have attracted significant levels of external funding as detailed below:
- (i) **Broadband** – the Government through its Broadband Development United Kingdom (BDUK) programme has provided grant funding of £6.9m which the report is recommending be matched by the County Council to develop Superfast Broadband across the County.
 - (ii) **Gypsy and Travellers Sites** – the Homes and Communities Agency (HCA) has provided grant funding of £3.8m which is to be matched with £5.7m of Council funding to refurbish four Gypsy and Travellers Sites in the county.

Approval of Additional Capital Schemes

- 91 The need to invest in Capital Infrastructure during the economic downturn is seen as an essential means of regenerating the local economy and for job creation. Additional investment will maintain and improve infrastructure across the County, help retain existing jobs, create new jobs and ensure the performance of key Council services are maintained and improved.
- 92 After considering all relevant factors, the MOWG have recommended that the following value of schemes be approved for inclusion in the Capital Programme. Full details of these schemes are detailed in Appendix 6.

Table 18 – Additional Capital Schemes for 2012/13 and 2013/14

Service Groupings	2012/13	2013/14
	£m	£m
ACE	1.260	1.260
AWH	0.450	-
CYPS	15.619	8.550
Neighbourhoods	16.197	14.688
RED	17.926	15.646
Resources	8.706	3.200
TOTAL	60.158	43.344

- 93 The investments detailed in Appendix 6 will ensure the Council continues to invest in priority projects and key maintenance projects. Investments have been recommended for 2012/13 and 2013/14 to ensure that schemes can be effectively planned. Examples of the investments recommended are detailed below:

- (i) **Road Maintenance and Structural Patching 2012/13 - £12.179m, 2013/14 - £11.632m**

Maintenance of all elements of the adopted network, including remedial works due to winter damage.

- (ii) **Broadband 2012/13 - £5.8m, 2013/14 - £1.1m**

This budget introduces the grant funding which is matched by the County Council for superfast broadband capability across the County.

- (iii) **Disabled Facilities 2012/13 - £1m, 2013/14 - £1m**

This funding supplements the Disabled Facilities Grant and will assist in supporting vulnerable people across the County, increasing independence and choice.

(iv) **East Durham Rail Station 2012/13 - £0.25m, 2013/14 - £2m**

To build a new rail station on the Durham Coast Rail Line to improve opportunities for employment, access to services and to attract new investment.

(v) **Relocation of Crook Library 2012/13 £0.45m**

Invest in the relocation of the Library into the Civic Centre providing a modern and high quality facility.

94 The £3.6m reduction in DfE funding will restrict the Council's capability to invest in key projects and will delay when schemes could be developed. The full impact of this 27% reduction in funding will not be clear until the result of the Council's Private Finance Initiative (PFI) bids for Seaham School of Technology and Trinity Special School are announced by the Government.

95 It is also recommended that a commitment to maintain investment over and above grant levels is maintained across the MTFP. At this stage a sum of £30m will be included in forward plans, financed as follows:

Table 19 – Funding Available to Support Capital Programme

	£m
Prudential Borrowing	20
Capital Receipts	10
TOTAL	30

96 If approved by Council, the 2012/13 – 2015/16 base Capital Budget will be as follows:

Table 20 – New MTFP Capital Programme

Service Grouping	2012/13	2013/14	2014/15	2015/16	Total
	£m	£m	£m	£m	£m
ACE	3.703	2.619	-	-	6.322
AWH	2.059	1.862	4.584	-	8.505
CYPS	96.580	42.055	0.533	-	139.168
Neighbourhoods	29.867	15.949	1.054	-	46.870
RED	43.079	17.038	0.250	-	60.367
Resources	22.148	5.650	0.491	-	28.289
Other	-	9.924	30.000	30.000	69.924
Total	197.436	95.097	36.912	30.000	359.445

Financed by					
Grants & Contributions	85.490	44.172	-	-	129.662
Revenue and Reserves	5.426	1.607	0.807	-	7.840
Capital Receipts	18.634	10.000	10.000	10.000	48.634
Capital Receipts – BSF/Schools	2.974	8.000	3.000	-	13.974
Borrowing	84.912	31.318	23.105	20.000	159.335
Total	197.436	95.097	36.912	30.000	359.445

Recommendations

97 It is recommended that Members

- (i) **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.**
- (ii) **Approve the Cabinet’s Capital Budget for the 2012/13 to 2015/16 MTFP detailed in Table 20.**
- (iii) **Approve the continued inclusion of £30m of capacity annually across the MTFP funded from Prudential Borrowing and Capital Receipts.**

Savings Proposals

- 98 The savings proposals within the 2012 – 2016 MTFP are substantially made up of proposals developed last year. The approach taken has been to build on these proposals and to continue to protect, as far as possible, front line service delivery. Management and back office savings have been prioritised, as have efficiency and value for money reviews. In addition, services have sought to maximise income wherever feasible / possible.
- 99 Many of the proposals included in the MTFP will be subject to separate individual reports and consultation exercises prior to implementation. Members will note that Cabinet have already approved detailed reports and made policy decisions on a range of 2012/13 savings e.g. home to school transport; management options appraisal for the creation of a Culture and Leisure Trust; and an alternate weekly refuse and recycling collection service.
- 100 The following paragraphs give an overview of the recommended key savings proposals across the new MTFP period by service grouping and supplement the equality impact assessment process detailed in paragraphs 127 to 150.

Assistant Chief Executive

- 101 The MTFP includes proposals to save c£1.9m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relate to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £1.92m of savings achieved in 2011/12. Members will

recall that the MTFP savings in this service grouping were substantially front loaded in the 2011 – 2015 MTFP.

- 102 In considering proposals to achieve the required savings, the focus within Assistant Chief Executive's has also been on ensuring it provides an effective support service to the Council through a period of considerable change.
- 103 The overall approach taken aligns to the consultation feedback which identified areas such as Communication, Policy, Improvement, Scrutiny and AAP budgets as the areas which should be reduced by more than the average. The service has planned to use £69K of its cash limit reserve as part of its savings proposals in 2012/13.

Adults Wellbeing and Health

- 104 The MTFP includes proposals to save c£26.8m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relate to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £19.4m of savings achieved in 2011/12.
- 105 The majority of savings proposals identified for 2012/13 build on the successful introduction of the Re-ablement Service; the adult care charging review and the consistent and effective application of the existing eligibility criteria in 2011/12, which have either produced greater savings than was originally forecast or where the savings in 2011/12 were only part year
- 106 Significant value for money savings have been put in place during the current year as a result of the successful re-tendering of the domiciliary care contract and the agreement in relation to independent sector residential care home fee levels. The savings from this are built into the 2012/13 proposals.
- 107 Proposals for the rationalisation and review of in house social care provision will continue to be developed and considered whilst ensuring that care needs of service users involved continue to be met in the most appropriate way. In terms of the Library Service, the savings are based on proposals to reduce opening times and a review of the mobile library services, with a move towards these services forming part of a Cultural and Leisure Trust in 2013/14. No libraries are proposed to be closed as part of these proposals.
- 108 Where proposals impact on front line services these will be subject to a full consultation exercise before any final decisions are made and changes implemented.

Children and Young People's Services

- 109 The MTFP includes proposals to save c£13.3m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relates to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £17.9m of savings achieved in 2011/12, which included the impact of reductions in Area Based Grants relevant to this service grouping.

- 110 In considering proposals to achieve the required savings, the focus within Children and Young People's Services has also been on assessing and responding to the impact of the Government's policies on Academies; changes in the Local Services Support Grant (to ensure that children from low income families continue to benefit from enhanced school choice supported by free home to school transport); and changes to the Early Intervention Grant (to reflect new responsibilities for providing a free early education entitlement to two year olds, beginning with those children living in the most disadvantaged localities).
- 111 For 2012/13, additional income will be derived from charges to schools for free school meal verification and increased trading of the school improvement services; finance support and other infrastructure costs will be reduced due to the end of the Sure Start grant regime; the management structure of the Youth Offending Service is also being reviewed.
- 112 Major policy changes with regards to Home to School Transport will apply from September 2012 and, due to the scale of spend on this area, will be a key aspect of MTFP savings for the next 5 years, as the revised policy is applied each year to new intakes of Primary and Secondary age pupils.
- 113 The service has planned to use £0.93m of its cash limit reserve as part of its savings proposals in 2012/13.

Neighbourhood Services

- 114 The MTFP includes proposals to save c£14.2m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relates to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £8.50m of savings achieved in 2011/12.
- 115 In considering proposals to achieve the required savings, the focus within Neighbourhood Services has placed an emphasis on proposals for savings through efficiencies and through increased value for money, including the rationalisation of back office support functions, reviewing arrangements for the management of Council buildings, and the creation of a Cultural and Leisure Trust. The continued future funding of the Lamplight Centre in Stanley will be reviewed in 2012/13.
- 116 Opportunities identified for additional income include increases to burial charges to levels in line with other neighbouring authorities, introducing charges for pest control services which are currently provided free of charge, in line with the approach taken by many other authorities, and the introduction of car parking charges at Hardwick Park.
- 117 Within the proposals identified, savings will be achieved through the continued harmonisation of service provision as well as changes to operational delivery through more efficient and streamlined ways of working; these proposals include reviewing grounds maintenance, the introduction of a county wide alternate weekly refuse and recycling collection service, a review of Education and Enforcement and street cleansing, and a restructure within Environment, Health and Consumer Protection.

- 118 Neighbourhoods have excluded winter maintenance from its savings proposals, in direct response to consultation feedback and sought to limit any reductions in highways maintenance.

Regeneration and Economic Development

- 119 The MTFP includes proposals to save c£4.4m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relates to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £13.5m of savings achieved in 2011/12, which included the impact of reductions in Area Based Grants relevant to this service grouping.
- 120 In considering proposals to achieve the required savings the focus within Regeneration and Economic Development has been on realising savings from a range of efficiency reviews, including a full service grouping review and restructure and proposed changes to the Supported Housing Service and a review of the CCTV service.
- 121 Opportunities identified for additional income include proposals to increase income within the transport and planning services, including both increasing existing charges and introducing new charges.

Resources

- 122 The MTFP includes proposals to save c£8.4m over the lifetime of the 2012 – 2016 MTFP period, the majority of which relates to the continuation or extension of savings proposals already factored into the 2011 – 2015 MTFP. This is in addition to the £2.9m of savings achieved in 2011/12.
- 123 In considering proposals to achieve the required savings the focus within Resources has also been on ensuring it provides an effective support service to the Council through a period of considerable change. Given the nature of the service nearly all of the savings proposed are in management and support service costs.
- 124 The proposals include reviewing all areas of the service grouping alongside the introduction of a more centralised approach to the provision of support services, such as finance and human resources.
- 125 The proposals are entirely consistent with the feedback from the budget consultation which identified the Resources Strategic Grouping as the main area where savings should be made. As members will be aware, the savings targets across the 2011 – 2016 MTFP period are greater in Resources than all other service groupings.

Recommendations

- 126 **It is recommended that Members**
- (i) **Note the approach taken by Service Groupings to achieve the required savings.**

Equality Impact Assessment of the Medium Term Financial Plan

- 127 This section updates Members on the outcomes of the equality impact assessment of the MTFP and summarises the potential cumulative impact of the 2012/13 proposals.
- 128 Equality impact assessments are an essential part of the decision making process, building them into the MTFP process supports decisions which are both fair and lawful. The aim of the assessments is to:
- (i) identify any disproportionate impact on service users or staff based on the protected characteristics of age, gender (including pregnancy/maternity and transgender), disability, race, religion or belief and sexual orientation;
 - (ii) identify any mitigating actions which can be taken to reduce negative impact where possible; and
 - (iii) ensure that we avoid unlawful discrimination as a result of MTFP decisions.
- 129 The Council is subject to the legal responsibilities of the Equality Act 2010 which, amongst other things, make discrimination unlawful in relation to the protected characteristics listed above and require us to make reasonable adjustments for disabled people. In addition, as a public authority, we are subject to legal equality duties in relation to the protected characteristics. The public sector equality duties require us to:
- (i) eliminate unlawful discrimination, harassment and victimisation;
 - (ii) advance equality of opportunity; and
 - (iii) foster good relations between those who share a protected characteristic and those who do not.
- 130 The Equality and Human Rights Commission (EHRC) issued 'Using the equality duties to make fair financial decisions: a guide for decision makers' in September 2010. The guidance states that "equality duties do not prevent you from making difficult decisions such as reorganisations and relocations, redundancies and service reductions nor do they stop you making decisions which may affect one group more than another. What the equality duties do is enable you to demonstrate that you are making financial decisions in a fair, transparent and accountable way, considering the needs and the rights of different members of your community."
- 131 The EHRC guidance also states that it is important "to remember that potential impact is not just about numbers. Evidence of a serious impact that may affect a small number of individuals is just as important as a potential impact affecting many people".
- 132 A number of successful judicial reviews during 2011 reinforced the need for robust consideration of the public sector equality duties and the impact on protected characteristics in the decision making process. Members must take

full account of the duties and accompanying evidence when considering the MTFP proposals.

Reducing Equalities Impacts Through Our Overall MTFP Approach

- 133 In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:
- (i) 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;
 - (ii) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
 - (iii) objectively consider any negative impacts and alternatives or mitigating actions so that they support fair and lawful decision making;
 - (iv) are closely linked to the wider MTFP decision-making process;
 - (v) build on previous assessments to provide an ongoing picture of cumulative impact.

Equality Impact Assessment Process

- 134 The process for identifying and completing impact assessments in relation to the MTFP has been co-ordinated through Heads of Service with support from the corporate Equalities Team in the form of briefings, training sessions, specific advice and direct support. Services were asked to consider all Year 2 proposals, including delegated decisions, and identify the level of assessment required – either ‘screening’ or ‘full’ depending on the extent of impact and the deadline for the final decision.
- 135 The Equalities Team have reviewed all of the assessments in order to provide a level of quality assurance and build a picture of the ongoing cumulative impact. Whilst individual decisions may be deemed to have a relatively minor impact the combined effect of them may be significant. The Council’s approach to the MTFP has sought to minimise impact on frontline services but we recognise the need to consider any combined impact on service users and staff.

Progress on Completing Impact Assessments

- 136 A total of 65 assessments will be made available for Members to inform their decisions on individual proposals. Some are existing assessments from 2011/12 where there is a continuation of a savings proposal, some are new assessments and a small number of screenings record that an assessment is not required.

Service	Assessments returned
ACE	6
AWH	18
CYPS	16
Neighbourhoods	13
RED	6
Resources	6

137 All documentation is available for Members via the Member Support service.

Summary of Equality Impact of 2012/13 MTFP Proposals

138 Services were required to identify any disproportionate impact likely to arise from implementing each savings proposal. There are ongoing cumulative impacts as a result of decisions made by Council in setting the 2011/12 budget. Key ongoing proposals with equalities impacts this year include:

- (i) the review of home to school transport, which is being implemented for new students from September 2012.

139 The main equalities impacts in relation to new savings proposals are summarised below. In some cases the effect of the saving would apply to all service users but could have a greater impact for some, for example, changes to library services would affect all users but could impact more on age, gender and disability. Other proposals relate to targeted services which would have a more focused impact, for example, changes to learning disability respite care will impact specifically on disabled people and their carers.

- (i) ACE proposals are mainly continuations of 2011/12 savings which included impacts on age, disability, faith and sexual orientation:

- Funding to voluntary and community sector infrastructure organisations could impact on local groups supporting older and younger people, those with disabilities and faith based groups.

- (ii) AWH proposals include impacts on age, disability and gender:

- The review of social care charges whilst delivering a fairer charging regime overall, means some people may contribute more towards service costs. This could impact on many service users who are older people, mainly women, and disabled people.
- The review of stair lift maintenance, which could impact on service users who are older people and disabled people, will be subject to a full impact assessment ahead of decision-making.
- The Library service review could affect all equality groups to varying degrees through reduced opening hours and changes to mobile halts which could mean increased travel to alternatives. A full assessment has been drafted and will be updated before the final

decision is made to take account of consultation responses from individuals and organisations.

- The closure of Dean Lodge (providing a learning disability respite service) could have a potential impact in relation to gender, age and disability. Mitigating actions were approved by Cabinet on 25 January, including sign posting to alternative provision.
- (iii) CYPS proposals mainly relate to changes in support functions as well as ongoing savings related to transport which include impacts on age due to the nature of services provided as well as gender, disability and religion.
- (iv) Neighbourhoods impact assessments cover a range of areas with impacts mainly on age, disability and gender:
- A number of proposals relate to the increase or introduction of charges. Whilst each is likely to affect a range of people there are particular equality issues linked to burial fees, pest control and parking at Hardwick Park. The potential impacts relate to those on lower incomes which include older people, disabled people and lone parent families.
 - The review of waste collection could affect many people but may have particular impacts including disability, gender and age, for example those with babies or young families may have greater need for regular waste collection whilst older or disabled people may rely on others for assistance and have difficulty dealing with any build up of waste.
 - Funding for the Lamplight centre is being reviewed which may affect the services offered in the area, this includes potential impacts on access to leisure and activities for older and younger people if they needed to travel to alternative provision but final decisions on implementing the proposal will be made following consultation.
 - The management options appraisal for leisure services could have impacts on both service users and staff. The impact assessment identifies mitigating actions to maintain a range of provision and access to facilities for everyone
- (v) RED proposals include impacts in relation to gender, age and disability:
- The review of the Access Bus service would impact on disabled people given the nature of the service; there are also potential linked impacts to age and gender. Further evidence will be gathered as part of the review and a full impact assessment completed before a final decision is made.
 - Changes to CCTV provision are likely to impact on a wide range of people but there may be particular impacts on older and

younger people, including women and younger men in relation to vulnerability and fear of crime.

- (vi) Resources proposals relate to support and back office functions so mainly impact upon staff.

140 It should be noted that there is less data and evidence available in relation to race, religion or belief and sexual orientation which could account for fewer impacts being identified. Ongoing monitoring of the actual impact on all groups is an integral part of the assessment process so we will continue to assess the effect of reductions including complaints and consultations or changing levels of demand from particular groups.

141 Cumulative impacts are most likely in relation to increased costs or charges, travel to alternative provision, reduced or loss of access to a particular service or venue. This is more likely to affect those on low income or without access to personal transport or reliant on others for support which impacts on disability age and gender.

Summary of Impacts on Staff

142 There are a number of assessments relating to impact on staff. Those relating to vacant posts, which do not directly affect a member of staff, consider any equality aspects delivered by that post and ensure there is evidence that the work is covered by alternative arrangements. Where members of staff are at risk then Services were asked to include equality profiles of those affected unless this relates to low numbers which risks compromising data protection. Service restructures or major staffing reviews are usually subject to a full impact assessment which is updated during the process to consider the actual impacts following consideration of early retirement and/or voluntary redundancy (ER/VR) requests or compulsory redundancies.

143 It should be noted that Resourcelink data is used for all protected characteristics but some areas are limited to information which has been provided by staff so figures for disability, race, religion or belief and sexual orientation are likely to be under-reported.

144 The impacts of the 2012/13 proposals are comparable to those agreed by the Cabinet in the MTFP report of 26th January 2011. In summary those impacts are:

- (a) **Age** – potential impact in relation to employees over the age of 50 who may feel at greater risk of redundancy in restructures or feel under pressure to pursue early retirement and the potential difficulties of obtaining alternative employment. The impacts are not limited to older staff, younger staff at risk may have greater financial burdens in terms of mortgages or young families, they may also find it difficult to obtain alternative employment due to lower levels of experience.
- (b) **Gender** – potential impact on both men and women, for example where reviews relate to services with traditional gender roles or there is a focus on senior posts which are more likely to be male employees or on administrative roles which are more likely to be female employees.

- (c) From the Service returns there are some disabled staff and staff from black or ethnic minority backgrounds included in reviews and restructures but the overall numbers are low which reflects the broader workforce profile data.
 - (d) Data on the religion or belief and sexual orientation of staff is now collected but the reporting rates are still very low, we assume that there will be a range of staff affected but figures are not included in equality impact assessments.
- 145 Across the workforce as a whole there are more women than men so statistically more are likely to be affected. Reducing management posts and some technical posts is more likely to affect men. Where possible our assessments have included profile information to help us understand the broader staff implications, in many cases any final reductions will be affected by early retirement, voluntary redundancy and redeployment so we will continue to monitor the ongoing equality impacts.

Mitigating Actions

- 146 Where funding reductions do affect service provision existing adjustments for particular groups will continue to be made as far as possible, the Council will still meet our legal duty to provide reasonable adjustments for disabled people, we will continue to monitor service use and employment to ensure we meet equality responsibilities and we will include equality in our service planning processes so that any opportunities to improve in future can be implemented.
- 147 Where the individual MTFP assessments have identified impacts on service delivery mitigating actions generally include ensuring effective communication so that service users can make informed choices or find alternatives, implementing new or improved ways of working, working with partners and transition arrangements. Consultation on specific proposals provides valuable evidence on the impact and potential mitigating actions. Ongoing monitoring will also enable the Council to identify the actual impact and additional mitigating actions in future but many will rely on the availability of new funding or on more effective partnership approaches.
- 148 Where there are staff at risk Services are required to follow corporate HR procedures to ensure fair and consistent treatment, although the impact of staff reductions cannot be easily mitigated it is important all decisions are lawful. The Change Management procedures require Services to consider equality issues including reasonable adjustments for disabled staff, ensuring that those on maternity or long-term sickness are included in communications and that tailored support is available where necessary (for example, pensions advice takes gender differences into account).

Key Findings

- 149 The equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible. The main equalities impacts of Durham's 2012/13 MTFP proposals relate to age,

disability and gender. The main mitigating actions include development of alternative provision models, transition arrangements, partnership working and alternative sources of support where possible, and ongoing monitoring of impacts. There will be continued focus on equalities issues as we move into years 2013/14 to 2015/16 of this MTFP, with cumulative equality impacts revisited and reviewed each year. In some cases impact assessments are initial screenings with a full impact assessment to follow at the point of decision, once all necessary stakeholder consultation has been completed.

Recommendations

- 150 **Copies of the impact assessments are available for Members. Members are asked to ensure that the public sector equality duties and impact assessments are taken into account during the decision making process and are recommended to:**
- (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.**

Workforce Considerations

- 151 The 2011/12 Budget Report to Council on 23rd February 2011 identified that after taking into account the estimated deletion of 350 vacant posts from the establishment, it was expected that a further reduction in full time equivalent posts of around 1,600 would be necessary across the MTFP period. This forecasted decrease equates to a 20% reduction in posts, excluding schools.
- 152 A range of actions have taken place in the last year to mitigate the potential for compulsory redundancies and to ensure that there is clear communication with employees as detailed below;
- (i) high level employee communications have continued to raise awareness of the significant financial challenges facing the Council
 - (ii) employees have taken advantage of the ability to work flexibly and to purchase extra holidays
 - (iii) a large number of employees have accepted early retirement and/or voluntary redundancy
 - (iv) the Council continues to follow a robust system for the management of vacancies
 - (v) where employees are at risk, a support programme is available including career planning and guidance, financial advice, sign posting to external agencies and partners for support in areas such as

education and training, starting a business and job searches outside the Council

- (vi) over 340 employees who were at risk of compulsory redundancy have secured new employment within the Council after successful trial periods in the new roles.

153 **It is recommended that Members:**

- (i) **Note the position on workforce considerations.**

Pay Policy

154 The Localism Act requires the Council from 2012/13 to prepare an annual pay policy statement which sets out the authority's policies relating to the remuneration of its Chief Officers, and how this compares with the policy on the remuneration of its lowest paid employees.

155 The first policy document must be approved by a resolution of the Council by 31 March 2012 and then by the end of March each subsequent year, although the policy can be amended by a resolution of the Council during the year.

156 Additionally, the Act requires that in relation to Chief Officers the policy must set out the authority's arrangements relating to:

- (i) The level and elements of remuneration for each Chief Officer
- (ii) Remuneration of Chief Officers on recruitment
- (iii) Increases and additions to remuneration for each Chief Officer
- (iv) The use of performance-related pay for Chief Officers
- (v) The use of bonuses for Chief Officers
- (vi) The approach to the payment of Chief Officers on their ceasing to hold office under or to be employed by the authority, and
- (vii) The publication of and access to information relating to remuneration of Chief Officers.

157 Attached at Appendix 7 is a recommended Policy Statement for Durham County Council for Council consideration that outlines the details for the authority for 2012/13, in line with the above requirements.

Recommendation

158 **It is recommended that Members:**

- (i) **Approve the pay policy statement at Appendix 7.**

Risks

159 A number of risks will need to be managed and mitigated during the MTFP process. These risks will be assessed continually throughout the MTFP four year period. Some of the key risks already identified include:

- (i) Ensure the achievement of a balanced budget and financial position across the MTFP period.

- (ii) Ensure all savings are risk assessed across a range of factors e.g. impact upon customers, stakeholders, partners and staff.
- (iii) The Finance Settlements for 2013/14 and 2014/15 are estimated based upon the original CSR. The Government has confirmed that the next Finance Settlement will be for the two year period 2013/14 to 2014/15 but will not be announced until December 2012. This leaves Councils little time to plan effectively, especially if the settlement should be significantly worse than forecast.
- (iv) The localisation of the Business Rates from April 2013 will result in the Council being subject to a wide range of risks relating to the state of the local economy over which the Council will have very little control. The MTFP Model assumes the outcome for the County Council will be cost neutral after receiving a 'top-up' payment.
- (v) Pay Award – the current 2012/13 budget model assumes there will be no pay award.
- (vi) Localisation of Council Tax Support from April 2013 – if implemented, the Government will top slice the Council Tax Benefit Transfer by 10% which equates to circa £6m. The Model assumes this impact will be passported fully via a revised Council Tax Benefit Scheme.
- (vii) The MTFP model builds in assumptions in relation to Concessionary Fares. There are still inherent risks however in relation to bus services due to inflationary pressures linked to fuel, further pressures due to withdrawn Government grants, and increases in demand.
- (viii) AWH relies heavily on the independent sector to provide adequate volumes of appropriate services for service users. Market pressures and increases in minimum wage levels will mean that the rates the Council pays will require careful consideration in the later years of the MTFP period.

Recommendation

160 **It is recommended that Members:**

- (i) **Note the key risks to be managed over the MTFP period.**

Dedicated School Grant (DSG) and School Funding

- 161 DfE is still consulting on significant changes to the way schools and academies are funded and the indications are a new National funding Formula will be introduced. No revisions to current distribution patterns will be made for the 2012/13 financial year.
- 162 The value of DSG per pupil continues to be 'cash flat' which means schools will be required to manage any inflationary increases.

- 163 The Guaranteed Unit of Funding per pupil is set at £5,067.56 for County Durham. A modest reduction in school and early years numbers indicates that the 2012/13 DSG value will be around £342.15m.
- 164 However, the establishment of academies means that by April 2012 it is expected around £77m of DSG will go direct to the new Education Funding Agency to fund academies, rather than to the County Council.
- 165 For schools and academies the Pupil Premium, linked to free school meals entitlement, rises in 2012/13 to £600 per pupil. The scope is extended to embrace pupils who have 'ever' been entitled to a FSM over a 6 year period. In overall terms, this is expected to bring £11.7m into County Durham establishments.

Recommendation

166 **It is recommended that Members:**

- (i) **Note the position on the Dedicated Schools Grant.**

Prudential Code

- 167 This section outlines the Council's prudential indicators for 2012/13 to 2014/15 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:
- The reporting of the prudential indicators, setting out the expected capital activities as required by the CIPFA Prudential Code for Capital Finance in Local Authorities as shown at Appendix 8.
 - The Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007 as shown at Appendix 8.
 - The Treasury Management Strategy statement which sets out how the Council's treasury service will support the capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the 'Authorised Limit', the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by section 3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Appendix 8.
 - The investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the CLG Investment Guidance and is also shown in Appendix 8.

168 The above policies and parameters provide an approved framework within which the officers undertake the day to day capital and treasury activities.

Recommendations

169 It is recommended that Members:

- (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 within Appendix 8 which sets out the Council's policy on MRP.**
- (iii) **Agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 8**
- (iv) **Agree the Investment Strategy 2012/13 contained in the treasury management strategy (Appendix 8 and the detailed criteria included in Appendix 8).**

Summary of Recommendations

170 This section of the report details all of the recommendations from within the body of the report.

171 It is recommended that Members:

- (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 Cabinet's 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.**
- (iv) **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 for 2012/13 and thereby leave County Council' Council Tax levels unchanged for the third consecutive year.**
 - (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.**
- (v) **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 will 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 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 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.**
 - (ii) **Approve the Capital Budget for the 2012/13 to 2015/16 MTFP detailed in Table 20.**

- (iii) 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 at Appendix 7**
- (k) Risks**
 - (i) Note that the key risks are 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 within Appendix 8 which sets out the Council's policy on MRP.**
 - (iii) Agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 8**

- (iv) Agree the Investment Strategy 2012/13 contained in the treasury management strategy (Appendix 8 and the detailed criteria included in Appendix 8).**

Appendix 1: Implications

Finance – The report sets out recommendations on the Cabinet’s 2012/13 Budget and 2012/13 – 2015/16 MTFP.

Staffing - The report details the impact on staffing for the period to 31st March 2013 with an estimated reduction in posts of 1,251 including the deletion of 261 vacant posts.

Risk – A robust approach to Risk Assessment across the MTFP process has been followed including individual risk assessment of savings plans.

Equality and Diversity/Public Sector Equality Duty – Full information on equality and diversity is contained within the report.

Accommodation – The Council’s Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan. Financing for Capital investment priorities is reflected in the MTFP Model.

Crime and Disorder - It is recognised that the changes proposed in this report could have a negative impact on crime and disorder in the County. However, the Council will continue to work with the Police and others through the Safe Durham Partnership on strategic crime and disorder priorities and to identify local problems and target resources to them.

Human Rights - Any human rights issues will be considered for each of the proposals as they are developed and decisions made to take these forward. There are no human rights implications from the information within this report.

Consultation - A comprehensive consultation programme was carried out in 2010 involving over 8,000 local people to inform the Council’s budget for the four year period of the 2011-2015 MTFP. These results have been used to inform the budget proposals set out in this report supplemented by further consultation with the 14 Area Action Partnerships. In addition, as highlighted in this report, prior to proposed budget changes being implemented, where they impact on service users, they are subject to targeted consultation.

Procurement – Wherever possible Procurement savings are reflected in Service Groupings savings plans.

Disability Issues – All requirements will be assessed in Equality Impact Assessments.

Legal Implications – The Council has a statutory responsibility to set a balanced budget for 2012/13. It also has a fiduciary duty not to waste public resources.

MTFP BUDGET SAVINGS 2012/13 TO 2015/2016

ASSISTANT CHIEF EXECUTIVE

Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
ACE1	Review of Policy and Communications Function	60,500				60,500
ACE3	Management Review within ACE			186,642	16,358	203,000
ACE4	Rationalise Performance, Research and Inspection Support	132,563				132,563
ACE5	Reduce research activity	26,000			26,000	52,000
ACE8	Review AAP Administration	154,344	35,745			190,089
ACE9	Review Partnership Support	218,448	41,019	35,745		295,212
ACE11	Reduce Member Neighbourhood Budgets		630,000			630,000
ACE12	Review support to Principal Infrastructure Organisations	58,580				58,580
ACE13	Review support to community buildings	50,000				50,000
ACE14	Review of the Civil Contingencies Unit		15,561	4,439	20,000	40,000
ACE15	Use of cash limit	69,325	-69,325			0
ACE16	Review community building grant				35,039	35,039
ACE17	Rationalisation of supplies and services	40,852				40,852
ACE18	Review of locality budgets				122,640	122,640
ACE19	Review of parish budget			34,650		34,650
ACE20	Reduction in costs of County Durham News	10,000				10,000
TOTAL ACE		820,612	653,000	261,476	220,037	1,955,125

ADULTS WELLBEING AND HEALTH

Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
AWH2	In house Home Care: Move to Reablement Service	700,000				700,000
AWH3	Review of in-house social care provision	958,000	890,000			1,848,000
AWH5	Consistent and effective application of existing eligibility criteria	330,000				330,000
AWH6	Adult Social Care Charging - full year effect of the introduction of charging for day care & transport/annual reassessment of service user contributions	1,050,000	400,000	400,000		1,850,000
AWH7	Review of Adult Care Service Level Contracts	3,075,000	40,000	40,000	40,000	3,195,000
AWH9	Review of Transport Commissioning	250,000				250,000
AWH10	Library Service Review	570,000	230,000	328,000		1,128,000
AWH11	Review Create	30,000				30,000
AWH12	Review of Funding for Arts development and external arts	20,000	30,000			50,000
AWH14	Gala Theatre - Review of operating costs	90,000				90,000
AWH16	Adult Learning Service Review	120,000				120,000
AWH17	Review of WorkAble Solutions	50,000				50,000
AWH19	Review Grant Support to Citizens Advice Bureau	26,500	26,500			53,000
AWH20	Review Community Safety Services		86,000			86,000
AWH22	Management and support services staffing restructures and service rationalisation	1,128,500	4,175,500	5,368,000	3,172,000	13,844,000
AWH23	Review of all non statutory services		3,070,000			3,070,000
AWH24	Review of service user surveys		30,000			30,000
AWH25	Review capacity to support Safe Durham Partnership		69,000			69,000
AWH27	Use of Cash Limit	690,000	-690,000			0
TOTAL AWH		9,088,000	8,357,000	6,136,000	3,212,000	26,793,000

CHILDREN AND YOUNG PEOPLES SERVICE						
Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
CYPS1	Reduced operating costs	50,000				50,000
CYPS2a	Increased income	342,780				342,780
CYPS2b	Music service phased self financing	50,000	70,000	91,000		211,000
CYPS3a	Integrated Teams - operational efficiencies	300,000	50,000			350,000
CYPS3b	Restructured management and support service	168,500				168,500
CYPS4a	Review Educational Psychological Service	100,000				100,000
CYPS4b	Revised Special Educational Needs support team structure	209,460				209,460
CYPS5a	Outdoor education to rationalise and become self financing - other than for Free School Meals pupils	50,000	50,000	60,000		160,000
CYPS5b	Reduced spend on curriculum / school improvement	100,000				100,000
CYPS7a	Revenue contribution phases out for primary free school meals pilot	70,000				70,000
CYPS8	Revised Specialist Safeguarding Services management and vacancies	172,000	15,000			187,000
CYPS11	Reduced Management - Youth Offending Service	200,000	100,000			300,000
CYPS12	Reduced support functions - Finance Teams	120,000				120,000
CYPS13	Reduced spend on Admin Support function and training	144,760	70,000			214,760
CYPS15a	Reduce level of Education Welfare Service / Management Structure	40,000				40,000
CYPS15b	Review home to school/college transport policies	2,210,000	1,300,000	1,300,000		4,810,000
CYPS15c	Charges for concessionary seats on contract vehicles - September 2011	85,000				85,000
CYPS17a	Youth Provision - premises transfer savings	25,000				25,000
CYPS17b	Cease support to shared/community use of schemes on school sites - September 2011	180,000				180,000
CYPS17c	Review of Early Years Structure	219,900				219,900
CYPS19	Vacancy management, efficiencies, service reductions		1,927,350	2,131,350	1,242,000	5,300,700
TOTAL CYPS		4,837,400	3,582,350	3,582,350	1,242,000	13,244,100

NEIGHBOURHOODS SERVICE						
Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
NS1	Review of Sport and Leisure facilities and rationalisation of Sports Development activities	638,226	20,000		80,000	738,226
NS2	Review of Back Office and Technical Support facilities	321,050	157,012		26,907	504,969
NS3	Structural reviews/Back Office rationalisation/Deletion of vacant posts/More efficient ways of working	1,649,923	1,089,923	618,194	346,712	3,704,752
NS4	Harmonisation and rationalisation of Grounds Maintenance Services	522,977	54,277	146,602		723,856
NS5	Waste and Recycling Service (Route optimisation/Harmonised collection and contractual arrangements)	867,710	363,726	95,200	11,732	1,338,368
NS6	Reassess Waste disposal costs		992,733	398,139	220,924	1,611,796
NS7	Review of Facilities Management	53,280	89,960	53,400		196,640
NS11	Review Highways Maintenance/School Crossing Patrols/Street Lighting	639,530	324,355	531,000	254,470	1,749,355
NS12	Street Cleansing Operations - Vehicle Rationalisation/Staffed Public Convenience	186,902	71,850	76,224		334,976
NS13	Increased diversion of waste - reduction in permits for Household Waste recycling Centres			60,000	222,000	282,000
NS14	Review sampling of water, food, products (Environment, Health and Consumer Protection)	10,000	2,000	15,000	15,000	42,000
NS15	Procurement Savings		45,000			45,000
NS16	Review of services provided by and contributions to external Partners	319,380	100,000	116,000		535,380
NS17	Increased income from new initiatives, above inflation increases in fees and charges and the introduction of new charges	521,053	260,004	475,000	100,000	1,356,057
NS18	Reduction in supplies and services and training	175,000			29,545	204,545
NS20	Review of governance and management arrangements in Leisure	368,664	247,233			615,897
NS21	Review of in-house service provision		200,000			200,000
TOTAL NEIGHBOURHOODS		6,273,695	4,018,073	2,584,759	1,307,290	14,183,817

REGENERATION AND ECONOMIC DEVELOPMENT						
Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
RED 1	Reduction in RED Staffing	1,432,297	229,450	144,630	250,000	2,056,377
RED 2	Reduction in supplies and services - Economic Development	415,114	250,972	248,625		914,711
RED 3	Reduction in supplies and services - Planning	103,275				103,275
RED 4	Reduction in supplies and services - Transport	10,000	10,000	57,500		77,500
RED 5	Reduction in contributions to outside bodies - Economic Development	30,000				30,000
RED 8	Income Generation - Planning	20,000	25,000	16,000		61,000
RED 9	Income Generation - Transport	164,000	24,360	50,000		238,360
RED 11	Planning - Deletion of S215 budget (blight works)	75,000	75,000			150,000
RED 13	Reduction in supplies and services - Housing	205,953	240,000	30,000		475,953
RED 14	Review of supplies and services across RED service grouping				211,000	211,000
TOTAL RED		2,455,639	854,782	546,755	461,000	4,318,176

RESOURCES						
Saving Ref	Description	2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
		£	£	£	£	£
RES1	Corporate Estates - Rationalisation of Staffing Structures	154,064	97,063	114,249	33,988	399,365
RES2	Corporate Procurement - Rationalisation of Staffing Structures	41,960	85,918	85,405		213,283
RES3	Planning and Investment Team - Rationalisation of Staffing Structures	24,787		115,130	24,787	164,704
RES4	Projects Team - Rationalisation of Staffing Structure	117,767	65,659		17,724	201,150
RES12	ICT efficiency in GIS Licenses - Reduction in Cost of VPN Circuits - Increased Charge RE BSF - Additional Income	1,031,537				1,031,537
RES13	Legal and Democratic - Review of Service Delivery	364,895	343,996	343,995	84,894	1,137,780
RES14	HR Unitisation and future review of service delivery	394,081	389,760	535,960	107,371	1,427,172
RES15	Finance - Phase 1 and 2 Finance Unitisation	597,569	412,256			1,009,825
RES16	ICT - Review of Service Delivery		826,847	826,824	204,690	1,858,361
RES17	Finance - Review of Service Delivery				141,152	141,152
RES18	Finance - Revenues and Benefits Software Licence savings	166,152				166,152
RES19	Finance - Review of service delivery in Revenues and Benefits			465,000		465,000
RES20	Finance - Phase 3 of Finance Unitisation			106,999		106,999
RES21	Restructure of Audit and Risk	17,393	40,000	40,000	17,393	114,786
	TOTAL RESOURCES	2,910,205	2,261,499	2,633,562	631,999	8,437,265
		2012/2013	2013/2014	2014/2015	2015/2016	TOTAL
	TOTAL SAVINGS (ALL SERVICE GROUPINGS)	26,385,551	19,726,704	15,744,902	7,074,326	68,931,483

Appendix 3: Budget Summary – By Service Grouping

2011/12 Original Budget £000	2011/12 Projected Outturn £000		2012/13		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		<u>Council Controlled Budgets</u>			
10,479	9,881	Assistant Chief Executive	14,279	2,910	11,369
176,328	170,205	Adults, Well-being and Health	246,762	74,329	172,433
105,274	108,000	Children and Young People's Service	164,290	63,445	100,845
99,290	105,683	Neighbourhood Services	217,518	119,342	98,176
39,617	41,801	Regeneration and Development	67,450	24,937	42,513
19,125	22,286	Resources	87,456	67,087	20,369
9,547	7,641	Contingencies	11,248	0	11,248
459,660	465,497		809,003	352,050	456,953
		<u>Non Council Controlled Budgets</u>			
0	0	Schools	328,643	328,643	0
0	0	Benefits	239,547	239,547	0
0	0		568,190	568,190	0
459,660	465,497	NET COST OF SERVICES	1,377,193	920,240	456,953
-49,020	-49,020	Reversal of Capital Charges			-49,115
26,271	24,674	Interest payable and similar charges			30,715
-577	-1,262	Interest and investment income			-577
436,334	439,889	NET OPERATING EXPENDITURE			437,976
		Less:			
-1,193	-3,448	Use of Reserves			-5,397
435,141	436,441	NET BUDGET REQUIREMENT			432,579
		Financed by:-			
-55,596	-55,596	Revenue Support Grant			-4,245
-179,861	-179,861	Re-distributed Non Domestic Rates			-219,006
-198,870	-198,870	Amount Required from Precepts			-201,788
-814	-814	Estimated net surplus on Collection Fund			0
0	0	Council tax Freeze Grant			-4,989
0	-1,300	New Homes Bonus			-2,551
0	0	SURPLUS (-) / DEFICIT FOR THE YEAR			0

Appendix 4: Budget Summary – By Expenditure and Income Type

	Original Budget 2011/12	2011/12 Projected Outturn Position	Original Budget 2012/13
	£'000	£'000	£'000
Employees	573,681	578,917	516,357
Premises	51,066	53,022	55,146
Transport	54,173	57,646	52,657
Supplies & Services	144,590	143,953	120,544
Agency & Contracted	211,392	229,347	228,245
Transfer Payments	231,690	236,424	258,751
Central Costs	86,329	96,158	83,997
Other	7,903	1,795	1,133
Capital Charges	49,020	49,020	49,115
Contingencies	9,547	7,641	11,248
GROSS EXPENDITURE	1,419,391	1,453,923	1,377,193
Income			
- Specific Grants	640,387	646,922	596,919
- Other Grants & contributions	24,854	37,579	26,232
- Sales	5,743	6,535	8,397
- Fees & charges	98,359	105,512	101,590
- Recharges	170,920	175,504	171,172
- Other	19,468	16,374	15,930
Total Income	959,731	988,426	920,240
NET COST OF SERVICES	459,660	465,497	456,953
Capital charges	-49,020	-49,020	-49,115
Interest and Investment income	-577	-1,262	-577
Interest payable and similar charges	26,271	24,674	30,715
Net Operating Expenditure	436,334	439,889	437,976
Less:			
Use of Reserves	-1,193	-3,448	-5,397
Net Budget Requirement	435,141	436,441	432,579
Financed by:-			
Amount required from council tax payers	-198,870	-198,870	-201,788
Estimated net surplus on Collection Fund	-814	-814	0
Council Tax Freeze Grant	0	0	-4,989
New Homes Bonus	0	-1,300	-2,551
Revenue Support Grant	-55,596	-55,596	-4,245
Re-distributed Non Domestic Rates	-179,861	-179,861	-219,006
Total Financing	-435,141	-436,441	-432,579

APPENDIX 5				
Medium Term Financial Plan 2012/13 - 2015/16 Model				
	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000
Savings to Achieve Financial Balance in Current MTFP	24,976	14,919	17,144	0
Net Government Grant Reductions	17,177	4,930	14,840	11,560
Council Tax Increase (2.5% each year)	0	-4,989	-5,117	-5,245
Council Tax Freeze Grant	-4,989	4,989	0	0
Council Tax Freeze Grant 2011/12 Adjustment	38	0	0	0
Council Tax - Collection Fund Adjustment	814	0	0	0
Council Tax Base - Estimated 2012/13 Increase	-800	0	0	0
Reduction of C.Tax Discount on Long Term Empty Homes	-2,100	2,100	0	0
New Homes Bonus	-2,550	0	0	0
Variance in Business Rate Income	0	0	0	0
Use of Earmarked/Cash Limit Reserve in AWH	-2,150	-2,000	3,150	1,000
Estimated Variance in Resource Base	5,440	5,030	12,873	7,315
Pay inflation (0% - 1% - 1% - 1.5%)	0	2,330	2,270	3,400
Price Inflation (2% - 2% - 1.5% - 1.5%)	2,500	2,500	1,650	1,650
Corporate Risk Contingency Budget	3,200	0	0	0
Staff Turnover Allowance - reduction from 3% to 2%	0	2,400	0	0
Base Budget Pressures				
Landfill Tax	1,070	1,011	964	917
Carbon Reduction Commitment - 'Carbon Tax'	0	200	0	0
Disturbance Allowances re Accommodation Strategy	0	0	-220	0
Additional Employer Pension Contributions	1,200	1,300	1,100	1,000
Concessionary Fares	850	600	600	600
Energy Price Increases	1,350	500	500	500
Fuel Price Increases	1,000	0	0	0
Pension Augmentation	1,850	0	0	0
Community Building running costs	180	0	-180	0
Housing Benefit Lost Admin Grant	520	-100	-100	-100
Animal Health Grant	83	0	0	0
Bank Compliance Software	0	100	0	0
Safeguarding Children - Increased volumes	1,500	0	0	0
AWH Demographic Pressures	2,150	2,000	2,000	2,000
Service Investment Priorities				
Contaminated Land	100	0	0	0
Community Governance Reviews	100	-50	0	0
Prudential Borrowing to fund new Capital Projects	500	2,000	2,000	2,000
Capital Financing for current programme	3,027	1,500	1,000	1,500
Investment Income	0	-415	0	0
TOTAL PRESSURES	21,180	15,876	11,584	13,467
SUM TO BE MET FROM SAVINGS	26,620	20,906	24,457	20,782
Savings				
MTFP Savings	-18,419	-19,726	-15,744	0
Additional 2% Savings	-7,073	0	0	-7,073
ABG Saving	-893	0	0	0
Additional Savings to Identify as part of 2013/14 Budget	0	-860	-8,713	-13,709
Sub Total	-26,385	-20,586	-24,457	-20,782
Other Savings				
Essential Car User	-210	-240	0	0
Car Mileage saving	-25	-80	0	0
TOTAL SAVINGS	-26,620	-20,906	-24,457	-20,782

ADDITIONS TO THE 2012/13 - 2015/16 MTFP CAPITAL PROGRAMME					
SER	NAME OF SCHEME	BACKGROUND	2012/13	2013/14	TOTAL
			£	£	£
ACE	Members Neighbourhood Budget	Continuation of Elected Members Neighbourhood Budget currently facilitated through the Area Action Partnerships. As established in the recently completed AAP review, projects funded through this resource have played a key role in the success of the Partnerships. The fund has resourced hundreds of frontline projects inline with priorities set by local communities and, at the time of the review, had levered in £8.6 million of additional resources.	1,260,000	1,260,000	2,520,000
		ACE Sub Total	1,260,000	1,260,000	2,520,000
AWH	Relocation of Crook library into former Civic Centre building with CAP	Crook Library is located in a stand-alone building that has been identified for sale and redevelopment as part of the regeneration of the town. Moving the Crook library into the Civic Centre presents a major opportunity to provide a modern, high quality library to serve Crook for many years into the future. It will enable the Council to improve the quality of service offered, with a more attractive and flexible layout, new furniture and improved IT. A shared reception desk between the library and customer access point will mean more opportunities for flexible working. The Council will also save money through reducing overhead costs associated with its buildings – as well as allowing the Council to dispose of the current library building (which will be surplus to requirements) and secure a capital receipt.	450,000	0	450,000
		AWH Sub Total	450,000	0	450,000

CYPS	DFE Capital Maintenance & Basic Need Grants	<p>For the 2012/13 financial year the majority of the CYPS Capital Programme is supported by Department for Education grant. Aligned with grant available in 2011/12 a further £7.69m will be used to improve schools in the poorest "Condition" and work will continue on an extended secondary school building programme accomodating pupils from Spennymoor and Tudhoe, as well as major improvements to Elemore Hall special school. Preliminary work is also advancing on a new secondary school at Seaham, but the final funding strategy will be dependant on a DfE announcement about inclusion in a national PFI scheme bid. Grant allocations beyond 2012/13 have yet to be announced however high on the priority list will be a replacement for Trinity special school. Expenditure of £2.24m will be deployed on "Basic Need" ensuring that the rise in primary age pupils can be accomodated in local primary schools. The focus is expected to be on projects that will increase classroom capacity in Seaham, Chester- le- Street, Spennymoor, Bishop Auckland, & Durham City.</p>	9,922,000	8,000,000	17,922,000
CYPS	Schools Repairs and Maintenance	<p>A part of the Dedicated Schools Grant, each year, is earmarked for structural repair and maintenance projects in schools. This will typically include major works such as roof replacement, boiler plant renewal, electrical rewires and structural repairs. The budget for 2012/13 will be £3.6m and a programme of works is already being developed.</p>	3,594,000	0	3,594,000
CYPS	Schools Devolved Capital	<p>DFE Grant each year to schools for minor improvements and major ICT purchases is received as a School Devolved Capital allowance</p>	1,553,000	0	1,553,000

CYPS	Financial support for accessibility projects across CYPS premises	Under the Special Education Needs and Disability Discrimination Acts the Council has a statutory duty to provide mainstream school places for children and young people with SEN and/or disabilities where and when parents want them. The £0.5m will finance Capital Works on school sites that will ensure Access for pupils and parents , requiring wheelchair access or who have other disabilities, thus helping to remove barriers to parental choice for local school places.	500,000	500,000	1,000,000
CYPS	Financial support for Residential Children's Homes	Children's Homes are a small and unique part of the CYPS property portfolio and have very different needs and requirements to the majority of our buildings across the estate. They are everyday "homes" for our 'looked after' children and as such we have a responsibility to ensure that they live in suitably comfortable accommodation that meets all the statutory requirements in the Children's Act 1989 and the Care Standards 2000 Act, as inspected by Ofsted. The £50,000 budget will be used to fund minor improvements to the 10 Childrens Homes in the County to ensure that the provision available is maintained to a good standard.	50,000	50,000	100,000
		CYPS Sub Total	15,619,000	8,550,000	24,169,000

NEI	Local Transport Plan (LTP) Annual Allocation - Maintenance Block	Annual LTP capital allocation for the structural maintenance of all elements of the adopted network (highways, street lighting and structures) to halt the deterioration of the networks condition and provide a network that is safe and fit for purpose.	10,679,000	10,132,000	20,811,000
NEI	Structural Patching 2011/15	<p>The severe winter weather experienced over the last 3 winters has resulted in an accelerated deterioration of the national highway network as identified in the recently published Quarmby report. This coupled with the budget constraints imposed by central government has resulted in a drastic increase in the amount of structural patching works required on the network to halt the deterioration and protect the value of the asset.</p> <p>This bid will supplement the already identified funding from the Department for Transport 'Section 31' funding of £2.3m. Failure to maintain the condition of the network could have an adverse effect on the number of accidents on the network with an associated increase in insurance claims and a decrease in the public satisfaction.</p>	1,500,000	1,500,000	3,000,000
NEI	Drainage works including SUDS	<p>The Flood and Water Management Act 2010 placed a statutory duty and considerable new responsibilities on the Authority commencing from April 2011. We have commenced the survey works to collate detailed drainage information and these surveys along with the Surface Water Management Plan (which is currently being formulated for approval) will inform the decision making process for network improvement schedules required to bring the drainage network up to a standard which is fit for purpose.</p>	300,000	200,000	500,000
NEI	Surface Improvement of Waskerley Way Coast to Coast route	A significant section of the Waskerley Way has been severely eroded over the past two winters following significant erosion by flooding in July 2009. It has now become hazardous for the 250,000 cyclists who use the route as part of the internationally-recognised Coast to Coast cycle route. The condition of the route has been the cause of several accidents, many complaints and criticism. The proposal is to provide a sealed-surface appropriate to the level of use and location.	245,000	0	245,000

NEI	River Erosion Remedial Works	The floods of July 2009 caused considerable damage to several main river banks across the County, principally the River Wear in Durham City and Chester-Le-Street but is likely to include other rivers and tributaries in the County. This erosion is a danger to both public and property in that it has affected areas of public footpath, which have had to be diverted, as well as threatening adjacent private properties. The longer this situation remains the more costly will be the repair works as well as the increasing threat to the public, property and the environment.	250,000	250,000	500,000
NEI	Mitigation to facility closures	Relocation of key services, facilities and activities following transfer of assets (Leisure Centres) <ul style="list-style-type: none"> • Relocation of multi sensory room • Upgrade and improvements to community facilities to help mitigate the impact of facility closures • Projects to ensure that the remaining stock can meet the needs of users from the communities affected. 	200,000	0	200,000
NEI	Local Area Measures Allowance	Local members allowance of £6,000 per member to cover costs of minor capital improvement schemes within members' wards.	756,000	756,000	1,512,000
NEI	Structural Maintenance of Footways	The severe winter weather experienced over the last 3 winters has resulted in an accelerated deterioration of the footway network within the County. In addition, following Local Government Reorganisation, a significant number of footways transferred to the new authority, and although these footways are not adopted (and are not at an adoptable standard) they are still maintainable at public expense. This scheme would bring these footways up to an adoptable standard and register them as such. Failure to maintain the condition of the network could have an adverse effect on the number of accidents on the network with an associated increase in insurance claims and a decrease in the public satisfaction.	600,000	600,000	1,200,000

NEI	B6300 Browney Lane (Burnigill Bank)	<p>This funding will enable the authority to improve a section of highway which has been the subject of numerous "temporary fixes" over the previous 15 years. The authority will be working in conjunction with Network Rail to will provide a long term solution to the subsidence problem.</p> <p>Risks: This section of carriageway carries a high percentage of Heavy Goods Vehicles (HGV) and if a sound engineering solution is not introduced it may require the introduction of weight restrictions which would divert HGV's onto other unacceptable roads within the highway network. The worst case scenario would be the potential for a serious accident as a result of not carrying out the necessary works.</p> <p>It is likely that the proposed junction improvements on the A167 Sunderland Bridge, Honest Lawyer junction, through the Economic Transport Corridor Group (currently exploring roundabout and traffic signals) will increase traffic flow on the B6300 and therefore exacerbate the problem. This junction is programmed for improvement in 2013/14.</p>	200,000	250,000	450,000
NEI	Replacement of Gully Covers following theft	<p>Theft of metal gully tops has reached epidemic proportions resulting in a very dangerous situation whereby a gully is open to any vehicle driving into. Approximately 1000 tops are stolen on an annual basis, mainly from rural areas but with some identified pockets of activity in urban estates with an estimated replacement cost of up to £1000 each. This scheme will allow the Council to prioritise and address the backlog at the same time as tackling the ongoing problem.</p>	500,000	400,000	900,000
NEI	Refurbishment of Outdoor Sport & Leisure Facilities	<p>Significant investment is required to make the stock of Outdoor Sports and Leisure Facilities fit for purpose and deliver the outcomes in line with Sports and Leisure Strategy. Essential improvement works will be undertaken to pavilions at the following locations, Witton Gilbert, Kelloe, Brandon, Bishop Auckland Town Recreation Ground, Glenholme, Peases West, Ouston, Pelton Fell and South Moor Park. A new play area will also be developed at Ushaw Moor as part of the mitigation actions relating to the reduction in sport & leisure opportunities for young people in the area as a result of the transfer of Deerness Leisure Centre to Deerness Valley Gymnastics Club.</p>	250,000	100,000	350,000

NEI	Environmental Improvements to streetscene and public open spaces etc.	This proposal involves making improvements to streetscene and public open spaces. Investment is required to improve and maintain a wide range of areas which are currently causing public complaint, health and safety risks and significant operational difficulties. Examples include;- a) Rebuilding of collapsing sections of Wharton Park boundary wall, b) safety measures and environmental work on roundabouts, c) improvements to public conveniences d) improvements to cemeteries and crematoria,; e) replacement of litter bins in high profile locations.	300,000	300,000	600,000
NEI	Bereavement Improvements	This investment will contribute to the Bereavement Services policy agreed by Cabinet September 2011 following public consultation and responds to issues such as cemeteries that are running out of space, improved health and safety and improvements in the facilities and access.	210,000	200,000	410,000
		NEI Sub Total	15,990,000	14,688,000	30,678,000

RED	<p align="center">Replacement of Community Alarm Equipment</p>	<p>To replace existing alarm equipment in vulnerable residents homes. The existing equipment in some localities is over 7 years old and can no longer be maintained. This project is to ensure that a rolling replacement programme is in place to protect the integrity of the 24/7 service to vulnerable residents. The equipment is vital in helping older persons to remain in their own home and the equipment provides residents with a link to a 24/7 service which can provide assistance and support in emergency and non emergency situations. The equipment is also a platform for other life saving equipment and is linked to smoke alarms and telecare equipment such as fall detectors and wandering devices to protect residents in the early stages of dementia. Replacement of the equipment is a contractual requirement and is essential in delivering a safe and customer focussed service to the residents of the Council.</p>	690,000	500,000	1,190,000
RED	<p align="center">Acquisitions, Demolitions and Group Repair Work to failing private sector housing stock across Coalfield areas and Key Towns across County Durham.</p>	<p>The former Durham Coalfield Housing Renewal Partnership completed two key research projects including the Durham Coalfield Community Study (June 2004) and the Durham Coalfield Settlement Study (June 2005). The studies identified coalfield areas at risk of significant housing market failure and area development frameworks were developed. Previous capital investment has been provided via the capital programme and external investment via the single housing investment programme via the regional housing board. This has assisted in terms of acquisition, demolition and group repair. Some schemes are part way through programme. Continuation will provide significant benefits to communities in terms of the acquisition and clearance of redundant pre 1919 housing stock and group repair through the investment in the fabric of properties which can be sustained and energy efficiency measures improved. Under the Housing Act 2004 the authority has a statutory responsibility to intervene in failing private sector housing conditions.</p>	1,400,000	1,260,000	2,660,000

RED	Disabled Facilities	<p>Disabled Facilities Grant is a mandatory grant and is a critical part of a range of provision available to enable a resident to live independently in their own home by providing suitable adaptations to meet their specific needs. It is a statutory entitlement and is flexible in order to offer assistance with both minor and major adaptations. Funding is primarily sourced from the capital programme where the DCLG provide a Capital Grant (allocation for 12/13 yet to be confirmed). The additional £1m of funding will provide significant additional Disabled Facilities funding to supplement the Grant to support the most vulnerable client groups across County Durham. Current figures advise that most grants are awarded to the over 60 age group, the Joint Commissioning Strategy for Older People 2010-2013 identified that there is an ageing population profile within County Durham for those aged 65 and over. The Disabled Facilities grant is of significant importance as it plays a key role in increasing independence and enables clients to live at home longer.</p>	1,000,000	1,000,000	2,000,000
RED	Local Transport Plan	<p>It is a statutory requirement for all transport authorities to produce a Local Transport Plan every 5 years and to keep it under review. The third local transport plan came into effect from 1 April 2011 when LTP2 expired. LTP3 is in two parts, a Strategy and a Delivery Plan. The capital programme is set out within the Delivery Plan and has two parts, Integrated Transport and Maintenance. This scheme would cover the provision of funding to carry out delivery of the planned schemes and measures under the Integrated Transport part of the capital programme including Bus Infrastructure, Walking and Cycling, Junction Improvements, Traffic Management and Public Transport.</p>	3,183,000	3,183,000	6,366,000
RED	East Durham Rail Station	<p>The project aims to build a new rail station on the Durham Coast Rail Line to widen the travel horizons and opportunities of the residents of East Durham to employment and access to services as well as attracting both new business and leisure trade to the area, thus increasing the economic worth of the area. The initial allocation will be expended on design works and preliminary highways works.</p>	250,000	2,000,000	2,250,000

RED	Structural Capitalised Maintenance	This funding will be utilised to address the Council's maintenance backlog and will deliver improvements to the corporate property portfolio. Areas to be addressed include the fabric of Council buildings, statutory Disability Discrimination Act (DDA) works, Fire Safety works, health and safety issues and building efficiency measures which will contribute towards a reduction in running costs.	5,000,000	4,000,000	9,000,000
RED	Industrial Estates - Industrial Property Development Scheme	<p>A business space development scheme which will:</p> <ul style="list-style-type: none"> • Support the growth of Small and Medium sized enterprises through the provision of quality business accommodation , complimenting and aligned to the 'Place Shaping' agenda. • Creation of up to 100,000 square feet of business accommodation. • Re-stimulate private sector development of business accommodation • Establish Durham County Council as a credible partner in joint venture working partnerships in the development of business accommodation. • Reinforce County Durham as a top location for business, strengthen the county's economy and make a positive and measurable contribution in making County Durham 'Altogether Wealthier'. 	1,000,000	1,000,000	2,000,000
RED	Financial Assistance Policy (FAP)	The financial assistance policy provides a range of financial measures aimed at improving and maintaining healthy living conditions within existing private sector housing stock and seeks to help homeowners improve, repair and adapt their properties. The policy assists those who are elderly, disabled or on a low income and also targets the prevention of decline within neighbourhoods in need of support. The FAP provides a range of loan products to help those most in need to improve homes to a decent standard, also providing for DFG top-ups, energy efficiency contributions, relocation loans, assisting in bringing empty properties back into use and improving conditions within the private rented sector.	1,200,000	800,000	2,000,000
RED	Seaham - Final Phase of North Dock	Phase 3 of the restoration of Seaham North Dock. This final phase will ensure the completion of the works to the new marina facility. The Council has had excellent response from both Heritage Lottery Fund (HLF) and the Environment Agency (EA) about further investment at North Dock. The EA have £200k in their programme for this next year and a budget line of £1m for capital works thereafter. HLF have encouraged the Council to develop a 'national' bid and with the EA/DCC money it provides us a significant lever. Overall value estimated to be £6m.	100,000	50,000	150,000

RED	Economic / Transport Corridors	This funding will be targeted at key locations which have been identified as potentially hindering future economic growth. Tackling potential congestion at these locations will remove a potential constraint to future development whilst enhancing journey reliability and safety for existing users of the highway network. The funding will deliver a number of significant junction improvements with the first being that at the A693/A167, Northlands Roundabout forming a key access point between the southern end of Birtley, Stanley and Chester-le-Street and the A1(M) motorway. This scheme is valued at £1m and is intended to be delivered over 2 financial years.	500,000	500,000	1,000,000
RED	Gypsy, Roma and Traveller Site Refurbishment	An April 2008 report to Cabinet detailed the need to upgrade six sites and CLG grant funding was awarded which has enabled two of the sites to benefit from full refurbishment. Four further sites require refurbishment and are demonstrating significant repair failure which is evident by the continuous over spend of the general repairs and maintenance budget. The Council has been successful in accessing funding from the Homes and Communities Agency (HCA) of £3.785m to match against the Council's own funding.	853,000	853,000	1,706,000

RED	Town Centres / Settlements Programme	To continue to improve the vitality and sustainability of the County's priority town centres using recommendations detailed within the various Masterplans and Development Frameworks produced that will identify opportunities for development and enhancement. Priority development will take place in Bishop Auckland, Consett, Crook, Spennymoor, Newton Aycliffe, Stanley, Seaham, Peterlee and Durham City.	0	500,000	500,000
		RED Sub Total	15,176,000	15,646,000	30,822,000

RES	Replacement Desktop	Replacement of desktop PC and Laptop equipment based on a four yearly cycle which will improve support and increase ease of use.	1,300,000	1,000,000	2,300,000
RES	Broadband	Grant received from BDUK to invest in Briadband infrastructure across the County	5,830,000	1,100,000	6,930,000
RES	Broadband	County Council funding to match against the BDUK funding	0	1,100,000	1,100,000
RES	Tanfield Power Upgrade	To install an upgraded power supply at Tanfield to ensure an adequate power supply to meet the current and future business needs of the Council..	250,000	0	250,000
RES	Infrastructure Environment Monitoring	This project will enable ICT services to have visibility of the environmental challenges that our network and other equipment face while operating in over a hundred different cabinets and racks distributed around the county. This will allow ICT to respond more quickly to issues arising and reduce the amount of systems down time	216,000	0	216,000
RES	Learning Gateway Replacement	The Durham Learning Gateway (DLG) was launched to schools in February 2007 in response to the BECTA requirement for all learners to have a "personal learning space" and the requirements on schools to provide online, real-time access to various types of data stored in their management information systems to parents by September 2012.To continue to provide this access, we require a new software platform which in turn relies on increased hardware capabilities and capacity.The existing hardware was purchased in 2006 and was funded from the Harnessing Technology grant which was withdrawn from April 2011.	110,000	0	110,000

RES	Homeworking	The County Council wishes to improve its offerings for Home Workers, bringing together a number of benefits, improved work life balance, improved productivity by having staff closer to the customer, improving involvement in the community and reducing the amount of accommodation asset required	100,000	0	100,000
RES	Corporate Mail Fullfilment	Upgrade and replace existing mail fulfilment equipment based within the Design and Print unit. This will be used for all corporate mailing within the Authority. Its main function initially will be to process all bills, reminders and letters generated by the new Revenues and Benefits system which is being implemented. It will also be utilised for all other corporate mailings, surveys and elections. This will lead to improved accuracy in sent mail and a reduction in postal charges.	125,000	0	125,000
RES	Sharepoint Architecture	Creation of a new SharePoint 2010 environment, to replace the existing ageing environment, which underpins all of the Councils Internet and Intranet sites.	100,000	0	100,000
RES	GIS Architecture	Geographic Information underpins the vast majority of Local Authority tasks and services, with up to 80% of organisational data location related. Geographic Information System (GIS) technologies are powerful enablers for transformational change, pan-organisational working and enterprise-wide delivery of information and services. GIS is now recognised as a core corporate technology platform. This money will replace the existing ageing infrastructure with a new and more effective infrastructure.	60,000	0	60,000
RES	.NET Application Development Architecture	The new .NET Application Development Architecture will allow the Council to write software applications in a modern computer language, reducing support, increasing development speed and improving the way differing systems pass information between each other.	50,000	0	50,000
		RES Sub Total	8,141,000	3,200,000	11,341,000

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2012/13 aimed at supporting the recruitment and remuneration of the workforce in a fair and transparent way. The policy complies with Government Guidance issued under the Localism Act 2011 and includes commentary upon:

- The approach towards the remuneration of Chief Officers
- The remuneration of the lowest paid employees
- The relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

The Code of Recommended Practice for Local Authorities on Data Transparency, published in September 2011 by the Government also sets out key principles for local authorities in creating greater transparency through the publication of public data. As part of the code, the Government recommends that local authorities should publish details of senior employee salaries. This pay policy forms part of the Council's response to transparency of senior pay through the publication of a list of job titles and remuneration.

Durham County Council is mindful of its obligations under the Equality Act 2010 and is an equal opportunity employer. The overall aim of our Single Equality Scheme is to ensure that people are treated fairly and with respect. The scheme also contains a specific objective to be a diverse organisation which includes recruiting and retaining a diverse workforce and promoting equality and diversity through working practices. This pay policy forms part of our policies to promote equality in pay practices. By ensuring transparency of senior pay and the relationship with pay of other employees, it will help ensure a fair approach which meets our equality objectives.

In setting the pay policy arrangements for the workforce the Council seeks to pay competitive salaries within the constraints of a public sector organisation.

As a result of Local Government Review in the County, the significant opportunity existed to bring together the pay and conditions arrangements of the eight previous authorities into one cohesive pay policy for the new organisation. In response, Durham County Council's approach towards the workforce pay and conditions of employment were fundamentally reviewed and agreed in 2008/2009, in order to ensure that the new unitary council was able to operate as a modern, fit for purpose and streamlined organisation.

In doing so, the Council realised significant management savings as a result of bringing together the eight previous senior management teams into one for the new authority, saving over 3 million pounds on management costs.

2 Posts defined within the Act as Chief Officers

2.1 The policy in relation to Chief Officers relates to the posts of Chief Executive, Assistant Chief Executive, five Corporate Directors and the Head of Legal and Democratic Services (who undertakes the Monitoring Officer Role for the authority)..

2.2 Governance Arrangements

The Chief Officer Appointments Committee is defined within the Council's constitution as performing the functions under section 112 of the Local Government Act 1972 in relation to these officers. This includes the setting of the pay arrangements for these posts and in doing so the Committee takes into account:

- The prevailing market in which the organisation operates.
- The short and long term objectives of the Council.
- The Council's senior structure, financial situation and foreseeable future changes to these.
- The expectations of the community and stakeholders.
- The total remuneration package.
- The links with how the wider workforce is remunerated and national negotiating frameworks.
- The cost of the policy over the short, medium and long term.

The Committee also has access to appropriate external independent expert advice on the subject.

2.3 Key Principles

- The Chief Officer pay policy is designed to be easily understood and be transparent to the post holders and key stakeholders. The structure and level of the pay arrangements will enable the Council to attract motivate and retain key senior talent for the authority.
- The policy is based upon spot salaries with clear differentials between levels of work/job size, within a range that is affordable now, will remain so for the medium term, and will be subject to review to ensure it continues to remain fit for purpose. In the first instance it is intended that the authority will market test the rates of pay when vacancies arise, as part of consideration on whether or not roles continue to be required within the context of the Council's priorities and commitments at that time.
- A competency based performance management framework is established within the organisation linked to individual job descriptions, person specifications, with performance reviewed annually. This ensures that the individual standards of achievement are met and clearly linked to the achievement of the Council's objectives and priorities, and the authority's expectations are delivered by post holders within these roles.
- These posts do not attract performance related pay, bonuses or any other additions to basic salary. This approach enables the Council to assess and budget accurately in advance for the total senior pay bill over a number of years.
- The Council is currently the sixth largest single tier authority in the Country and in setting the pay policy for this group, a market position has been established that aims to attract and retain the best talent available at a senior level within a national recruitment context, to lead and motivate the Council's workforce that is rewarded under a nationally agreed negotiating framework.

- Roles at this level have all been subject to an externally ratified job evaluation scheme that is transparent and auditable to ensure equality proofing of pay levels.
- Other terms and conditions of employment for this group are as defined within the Joint Negotiating Committee for Chief Officers of Local Authorities Conditions of Service handbook, with discretion to set actual pay levels at a local level, but within a national negotiating framework. These posts are part of the nationally defined Local Government final salary pension scheme.

2.4 Pay Levels

Individual elements of the remuneration package are established as follows at the point of recruitment into the posts:

Role	Spot Salary	Additional Variable Pay
	£	£
Chief Executive	200,000	0
Assistant Chief Executive	120,000	0
Corporate Directors	140,000	0
Head of Legal and Democratic Services	110,000	0

In addition to Chief Officers there are a range of senior roles identified as Heads of Service that are evaluated using the same principles and scheme as the Chief Officers and these roles are remunerated at three levels based on job size, these being:

	£
Heads of Service	110,000
	95,000
	75,000

The Corporate Management Team Pay and Heads of Service pay levels were actually assessed in 2008 in preparation for the new authority by external assessors and the levels set have not been increased since that time.

The designated Returning Officer for the Council, who is the Head of Legal and Democratic Services, also carries out the role of Acting Returning Officer in Parliamentary and European elections and other national referenda or electoral processes. These additional roles usually carry an entitlement to payment from central (and not local government) at levels set by order in relation to each poll.

3 The Authority's Policy on the Remuneration of its Lowest Paid Workers

3.1 Definition of Lowest Paid Workers

In order to promote equity, former manual worker grades in the authority have been incorporated into the national framework, as outlined in the National Joint Council for Local Government Services "Agreements on Pay and Conditions of Service".

This ensures that the lowest paid workers and the wider workforce share equitable terms and conditions and access to pay and condition arrangements that are set within a national negotiating framework.

The definition of 'lowest paid worker' are those paid at the lowest rates commonly used in the region on the national spinal column points, with workers (outside of apprenticeship schemes) joining the organisation in the main on national spinal column point 11 (£14 733 including all allowances).

This approach ensures fairness, provides market rates in the region for jobs, graded by job size, but with a reference also to the national local government family.

4 The Policy Relationship between Chief Officers Pay, the Lowest Paid Workers, and the Wider Workforce

4.1 Current Position

At the inception of the new unitary council in 2009 the authority had defined:

- The strategy for senior pay within the authority and had recruited into these posts
- The plan for the approach towards harmonising the pay and conditions of the workforce longer term.
- Taking this approach, also now enables the authority to publish and support recommendations within Will Hutton's review 2011 'Review of Fair Pay in the Public Sector' around publishing the ratio of pay of the organisation's top earner to that of a median earner and tracking this over time, taking corrective action where necessary.
- In setting the relevant pay levels a range of background factors outlined at paragraph 2.2 were taken into consideration for senior pay alongside the significant scope and scale of the authority in the national context. For example, the scope and scale of the Chief Executive's post encompasses responsibilities commensurate with the largest authorities in the country including responsibility for:
 - The provision of wide ranging services to over 500 000 residents of County Durham
 - A gross budget of 1.2 billion for service delivery
 - Undertaking the role of the Head of Paid Service to over 19,000 employees
 - Lead Policy Advisor to the Council's 126 Elected Members.

The ratio between the pay of the Chief Executive in Durham County Council and the lowest paid workers is 13:1, against figures recently published by Government of an expectation to always be below 20:1 in local government.

In addition, during 2012/13 the employer will contribute 13.1% of pensionable pay to the pension fund for all employees in the Local Government Pension Scheme.

4.2 Long Term Planning

In line with the original long term plan, Durham County Council is in negotiation to implement a new pay and conditions framework for the wider workforce, with the exercise

planned for full implementation in the summer of 2012. This will form the key platform for fair pay for the workforce for future years.

This pay scheme will be based upon a nationally agreed job evaluation system and the national spinal column points of pay, and will see the authority remain within the existing national pay negotiating machinery. At this time the 'lowest paid' workers will be defined within the national context depending on pay discussions held in early 2012.

The new pay arrangements will allow for incremental progression in pay for the wider workforce based upon service in post, and the results of the evaluations and the scheme details will be published by the authority, (as already occurs with the Chief Officer Pay in the final accounts), to ensure transparency.

4.3 Pay Policy Objectives

This planned approach towards pay for the wider workforce, and the use of established and equality impact assessed job evaluation schemes in the exercise will ensure:

- A planned approach towards pay policy for the new organisation that enables the Council to establish a relationship between pay for senior officers, the low paid and the wider workforce to align to the national guidance.
- The provision of accountability, transparency and fairness in setting pay for Durham County Council.

4.4 Pay Policy Decisions for the Wider Workforce

The decision making powers for the implementation of the new pay arrangements will rest with the Full Council for the Authority ensuring that decisions in relation to workforce pay are taken by those who are directly accountable to local people.

5 The Approach towards Payment for those Officers Ceasing to Hold Office Under or be Employed by the Authority

The Council has an agreed policy in relation to officers whose employment is terminated via either voluntary or compulsory redundancy. This policy provides a clear, fair and consistent approach towards handling early retirements and redundancy for the wider workforce, including Chief Officers.

In setting policy, the Authority does at this time retain its discretion to utilise the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006.

6 Policy towards the Reward of Chief Officers Previously Employed by the Authority.

The Council's arrangements for payments on severance are outlined in the Early Retirement/Voluntary Redundancy policy approved by Full Council in December 2010.

Chief Officers leaving the authority under regulations allowing for early access to pension are leaving in circumstances where there is no longer a suitable role for them, and in such circumstances they leave the employment of the Council. Immediate re-engagement in

another role would negate redundancy by operation of the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999.

The Council would not expect such officers to be offered further remunerated employment with the Council or any controlled company without such post being subject to external competition.

The administering authority for the Local Government Pension Scheme does not currently have a policy of abating pensions for former employees who are in receipt of a pension, although this is an area that is kept under review.

The Council is mindful of its obligations under equality legislation and as such is limited in its ability to adopt a policy that it will not employ people of an age that has entitled them to pension access on leaving former employment in the public sector or to propose that such applicants be employed on less favourable terms than other applicants. It expects all applicants for any posts to compete and be appointed on merit.

Summary

In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the proposed Treasury Management Strategy for 2012/13, the Annual Investment Strategy, Prudential Indicators and Minimum Revenue Provision Policy.

A glossary of terms is provided at the end of the report.

Background

Durham County Council defines its treasury management activities as the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

It regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

It acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Any surplus cash balances are invested in low risk counterparties or instruments commensurate with the Council's low risk strategy to always provide adequate liquidity initially before considering investment return.

Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals:

1. Annual Treasury Management Strategy – this report covers:
 - Annual Treasury Strategy 2012/13
 - Annual Investment Strategy 2012/13
 - Prudential Indicators 2012-2015
 - Minimum Revenue Provision Policy 2012/13
2. Mid-Year Treasury Management Report – this updates members with the progress of the capital position, amending prudential indicators as necessary,

and whether the treasury strategy is meeting the strategy or whether any policies require revision.

3. Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Annual Treasury Management Strategy 2012/13

This report covers the following issues in respect of 2012/13:

- i. Current treasury position
- ii. Capital financing plans (including Prudential and Treasury Indicators)
- iii. Interest Rate Outlook
- iv. Borrowing strategy
- v. Policy on borrowing in advance of need
- vi. Investment Strategy
- vii. Icelandic Bank investments update
- viii. Minimum Revenue Provision Policy
- ix. Policy on use of external service providers

i. Current treasury position

The table below shows the Council's position as at 31 December 2011, with comparators for 31 March 2011 and a forecast position for 31 March 2012:

	31-Mar-11 (£m)	Average Rate (%)	31-Dec-11 (£m)	Average Rate (%)	31-Mar-12 (£m)	Average Rate (%)
Borrowing	317	5.33	365	5.13	375	5.11
Investments	145	0.79	135	1.32	120	1.30
Net Debt	172		245		275	

Borrowing is forecast to increase by around £60m in 2011/12, whilst investment levels will fall by approximately £25m. This illustrates the Council's policy of reducing investment levels whilst also taking the opportunity to access low cost debt to fund an increasing capital financing requirement over the medium term. By using this approach the counterparty risk of investments can be managed whilst also managing the interest rate risk attached to a large borrowing requirement.

ii. Capital financing plans

Housing Revenue Account (HRA) Reform

A key issue facing the Council is the impact of planned HRA reform with effect from 1 April 2012. This will essentially end the impact of the housing subsidy system and will see the HRA as a stand alone business, without any impact arising from housing reform. The legislation has yet to be enacted, but the Council will need to approve revised limits in expectation of the reform going ahead.

The Council currently pays into the HRA housing subsidy system, and in order to stop future payments from 1 April 2012 the Council is required to pay the Department for Communities and Local Government (CLG) a one-off payment of £55m. In treasury management terms, this payment is effectively HRA debt, and so the prudential indicators have been adjusted to reflect this change.

The actual payment will be made on the 28 March 2012 and so the indicators will take immediate effect from the approval of these limits by Council.

As at the 1 April 2012 existing County Council debt will be split into two pools; one for the HRA and one for the General Fund, with each taking a share that produces a broadly equitable position. All future borrowing will be carried out independent of each other.

General Fund Expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The revenue consequences of capital expenditure, particularly the unsupported capital expenditure, will need to be paid for from the Council's own resources. This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants and revenue resources), but if these resources are insufficient any residual capital expenditure will add to the Council's borrowing need.

The following Prudential Indicators provide an overview and assist members in reviewing plans and performance.

Prudential Indicator 1 Capital Expenditure - this prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The table below summarises capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need ("borrowing"):

Capital Expenditure £m	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Non-HRA	120.225	167.929	197.436	71.829	36.911
HRA	37.862	43.154	44.854	43.071	49.774
HRA settlement		55.000			
Total	158.087	266.083	242.290	114.900	86.685
Financed by:					
Capital receipts	27.526	6.312	22.133	18.404	13.414
Capital grants	85.406	111.954	115.648	50.442	44.218
Revenue and reserves	17.920	13.231	8.348	7.541	5.949
Net financing need for the year	27.235	134.586	96.161	38.513	23.104

Other long term liabilities-the above financing need excludes other long term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements which already include borrowing instruments.

Prudential Indicator 2 Capital Financing Requirement - the second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

£m	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Capital Financing Requirement					
CFR – non housing	332.412	377.727	449.447	464.395	470.295
CFR - housing	152.235	174.065	185.314	192.509	191.241
HRA Settlement	-	55.000	55.000	55.000	55.000
Total CFR	484.647	606.792	689.761	711.904	716.536
Movement in CFR		122.145	82.969	22.143	4.632

Movement in CFR represented by					
Net financing need for the year (above)		79.586	96.161	31.318	23.104
HRA Settlement		55.000			
Less MRP/VRP and other financing movements		-12.441	-13.192	-16.370	-18.472
Movement in CFR		122.145	82.969	22.143	4.632

Affordability Prudential Indicators

The previous indicators cover overall capital and control of borrowing, but within these further indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Prudential Indicator 3 Actual and estimates of the ratio of financing costs to net revenue stream – this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Non-HRA	5.33	6.66	7.00	8.48	8.92
HRA (inclusive of settlement)	18.88	19.08	39.12	38.11	38.48

The estimates of financing costs include current commitments and the proposals in this budget report.

Prudential Indicator 4 Estimates of the incremental impact of capital investment decisions on council tax

- this indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Prudential Indicator 4 Estimates of the incremental impact of capital investment decisions on council tax - this indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

£	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Council tax - band D	1.76	1.40	0.00

Prudential Indicator 5 Estimates of the incremental impact of capital investment decisions on Housing Rent levels – similar to the Council tax calculation this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Weekly housing rent levels	1.45	4.95	3.63	6.54	5.34

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its total borrowing, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2012/13 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Corporate Director Resources confirms that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Prudential Indicator 6 Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational boundary £m	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	535.266	617.710	632.658	638.558
Add HRA settlement	55.000	55.000	55.000	55.000
Other long term liabilities	50.000	50.000	50.000	50.000
Total	640.266	722.710	737.658	743.558

Prudential Indicator 7 Authorised Limit for external borrowing - this further key prudential indicator 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.

This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. 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.

Authorised limit £m	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Borrowing	585.266	667.710	682.658	688.558
Add HRA settlement	55.000	55.000	55.000	55.000
Other long term liabilities	50.000	50.000	50.000	50.000
Total	690.266	772.710	787.658	793.558

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit £m	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
Total	N/A	247.509	247.509	247.509

Treasury Management Indicators

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. Consider local indicator covering both fixed and variable debt.

The Council is asked to approve the following treasury indicators and limits:

£m	2012/13	2013/14	2014/15
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2012/13			
	Lower	Upper	
Under 12 months	0%	20%	
12 months to 2 years	0%	40%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

iii. Interest Rate Outlook

The Council has appointed a company called Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Sector central view.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec 2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.50%, underpins investment returns and is not expected to start increasing until Quarter 3 of 2013 despite retail price index inflation at 5.2% currently being well above the Monetary Policy Committee inflation target of 2.0%.

Hopes for an export led recovery appear likely to be disappointed due to the Eurozone sovereign debt crisis depressing growth in the UK's biggest export market. The Comprehensive Spending Review, which seeks to reduce the UK's annual fiscal deficit, will also depress growth during the next few years.

Fixed interest borrowing rates are based on UK gilt yields. The outlook for borrowing rates is currently much more difficult to predict. The UK total national debt is forecast to continue rising until 2015/16; the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt and have been subject to exceptionally high levels of volatility as events in the Eurozone debt crisis have evolved.

This challenging and uncertain economic outlook has a several key treasury management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

iv. Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained for the borrowing excluding the HRA reform settlement.

Against this background and the risks within the economic forecast, caution will continue to be adopted with the 2012/13 treasury operations. The Corporate Director Resources will ensure interest rates are monitored and adopt a pragmatic approach to changing circumstances.

The requirement for the HRA reform settlement to be made to CLG on 28 March 2012 will require a separate consideration of a borrowing strategy. The Council will need to have the cash settlement amount of £55m available on the 28th March 2012, so separate borrowing solely for this purpose is anticipated. The PWLB are providing loans at interest rates 0.85% lower than the usual PWLB interest rates solely for the settlement requirements. This provides a compelling reason to utilise this borrowing availability. The exact structure of debt to be drawn is currently being considered by officers to ensure it meets the requirements of the HRA business plan and the overall requirements of the Council.

v. Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

vi. Annual Investment Strategy

The Council has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code").

The prime objective of the Council's investment strategy is to ensure prudent investment of surplus funds. The Council's investment priorities are therefore the security of capital, liquidity of investments and, within those objectives, to secure optimum performance.

Investment instruments identified for use in the financial year are categorised as 'Specified' and 'Non-Specified' Investments as shown below:

Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.

These include sterling investments which would not be defined as capital expenditure with:

- The UK Government (such as the Debt Management Account deposit facility)
- UK Treasury Bills or a Gilt with less than one year to maturity.
- Term deposits with UK banks and building societies
- A local authority, parish council or community council.
- Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

- Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity (£40m limit).
- The Council's own banker if it fails to meet the basic credit criteria. In this instance balances and notice periods will be minimised as far as is possible (£25m limit).

Following the economic background discussed earlier in this report, the current investment climate has one over-riding risk of counterparty security. As a result of underlying concerns officers are implementing an operational investment strategy which tightens the controls already in place in the approved investment strategy.

A development in the revised Codes and the CLG Investment Guidance is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are new requirements to the Member reporting, although the application of these is more subjective in nature.

These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and

trend position and amend the operational strategy to manage risk as conditions change.

Security - the Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.08% historic risk of default when compared to the whole portfolio

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £2.5m
- Liquid short term deposits of at least £20m available with a week's notice.
- Weighted Average Life benchmark is expected to be 6 months with a maximum of 9 months.

Yield - Local measures of yield benchmarks are:

- Investments – Internal returns above the 7 day London Inter Bank Bid Rate (LIBID)

Investment Counterparty Selection

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- It maintains a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.

The rating criteria use the 'lowest common denominator' method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. This is in compliance with a CIPFA Treasury Management Panel recommendation in March 2009 and the CIPFA Treasury Management Code of Practice.

Credit rating information is supplied by Sector, our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

Selection Criteria

The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) are:

1. Banks 1 – the Council will only use banks which are UK banks and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Fitch	Moody's	Standard & Poors
Short Term	F1	P1	A-1
Long Term	A	A2	A
Viability/Financial Strength	bb-	C1	-
Support	3	-	-

2. Banks 2 - Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
3. Banks 3 – Co-operative Bank - The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
4. Bank subsidiary and treasury operation. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
5. Building societies. The Council will use societies which meet the ratings for banks outlined above.
6. Money Market Funds
7. UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility)
8. Local authorities, parish councils etc

Use of additional information other than credit ratings

Additional requirements under the Code of Practice require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties.

This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties. The relative value of investments will be reviewed in relation to the counterparty size to ensure an appropriate ratio.

Time and Monetary Limits applying to Investments

The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Long Term Rating	Money Limit	Time Limit
Banks 1 category high quality	AA	£50m	1 year
Banks 1 category medium quality	A	£25m	3 months
Banks 2 category – part-nationalised	N/A	£50m	1 year
Banks 3 category – Council's banker	A-	£25m	3 months
DMADF/Treasury Bills	AAA	unlimited	6 months
Local Authorities	N/A	£10m each	1 year
Money Market Funds	AAA	£10m each (overall £50m)	liquid

vii. Icelandic Bank Investments Update

The County Council inherited £7m of deposits from the former Derwentside District Council invested across the Icelandic banks Glitnir (£4m), Landsbanki (£2m) and Kaupthing (£1m), which all effectively collapsed financially in October 2008.

The Icelandic courts have supported the view that the Council will be treated as a preferred creditor, thereby seeing a high proportion of the investment being returned. The actual repayment is currently expected to be partially in foreign currency assets. It is currently too early to provide a definitive policy on how this exchange rate risk will be managed, but the expectation will be that the risk will be managed proactively and assets converted to sterling at the earliest opportunity.

viii. MRP Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR (Option 2);

From 1 April 2008 for all unsupported borrowing (including PFI and Finance Leases) the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (Option 3)

ix. Policy on use of external advisers

The Council uses Sector as its treasury management consultants. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings/market information service comprising the three main credit rating agencies.

Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review.

Glossary of Terms

Authorised Limit

This is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It reflects the level of borrowing, which while not desired, could be afforded but may not be sustainable. Any breach must be reported to the executive decision-making body, indicating the reason for the breach and the corrective action undertaken or required to be taken.

Capital Financing Requirement (CFR)

The capital financing requirement (CFR) replaced the 'credit ceiling' measure of the Local Government and Housing Act 1989. It measures an authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose.

It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend (by capital receipts, capital grants/contributions or from revenue income), or over the longer term (by prudent minimum revenue provision (MRP) or voluntary application of capital receipts for debt repayment etc). Alternatively it means, capital expenditure incurred but not yet paid for.

Credit Default Swaps (CDS)

A credit default swap (CDS) is an agreement that the seller of the CDS will compensate the buyer in the event of loan default. In the event of default the buyer of the CDS receives compensation (usually the face value of the loan), and the seller of the CDS takes possession of the defaulted loan.

CDS pricing can be used as a gauge of the riskiness of corporate and sovereign borrowers.

Credit ratings

A credit rating evaluates the credit worthiness of an issuer of debt, specifically, debt issued by a business enterprise such as a corporation or a government. It is an evaluation made by a credit rating agency of the debt issuer's likelihood of default.

Credit ratings are determined by credit ratings agencies. The credit rating represents their evaluation of qualitative and quantitative information for a company or government; including non-public information obtained by the credit rating agencies analysts.

Debt Management Account Deposit Facility (DMADF)

The Debt Management Office provides the DMADF as part of its cash management operations and in the context of a wider series of measures designed to support local authorities' cash management.

The DMADF currently offers fixed term deposits. All deposits taken will be placed in, and interest paid from, the Debt Management Account. All deposits will be also guaranteed by HM Government and therefore have the equivalent of a sovereign triple-A credit rating.

Financing Costs

An aggregation of interest charges, interest payable under finance leases and other long-term liabilities and MRP, net of interest and investment income.

Housing Revenue Account (HRA)

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, as defined particularly in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure – maintenance, administration and rent rebates – and capital financing costs, and how these are met by rents, subsidy and other income.

London Inter Bank Bid Rate (LIBID)

The London Interbank Bid Rate (LIBID) is a bid rate; the rate bid by banks on deposits i.e. the rate at which a bank is willing to borrow from other banks.

Minimum Revenue Provision (MRP)

Statutory charge to the revenue account as an annual provision for the repayment of debt associated with expenditure incurred on capital assets.

Money Market Funds

Money market funds are mutual funds that invest in short-term money market instruments. These funds allow investors to participate in a more diverse and high-quality portfolio than if they were to invest individually.

Like other mutual funds, each investor in a money market fund is considered a shareholder of the investment pool, or a part owner of the fund. All investors in a money market fund have a claim on a pro-rata share of the fund's assets in line with the number of 'shares' or 'units' owned.

Net Revenue Stream

This is the element of a local authority's budget to be met from government grants and local taxpayers.

Non-specified Investments

These are any investments which do not meet the Specified Investment criteria.

Operational Boundary

This is the most likely, prudent view of the level of gross external indebtedness. It encompasses all borrowing, whether for capital or cash flow purposes.

Private Finance Initiative (PFI)

Private Finance Initiative (PFI) was introduced in the 1990s by the government to finance public sector projects. The main aims are to reduce public sector borrowing, introduce more innovative ways to provide public services and utilise private sector skills and experience to increase the efficiency of the public sector.

Prudential Indicators

In order to demonstrate that local authorities have fulfilled the objectives of the Prudential Code, it sets out a basket of indicators that must be prepared and used. The required indicators have to be set, as a minimum, on a three year time frame and are designed to support and record local decision-making, rather than be a means of comparing authorities.

The purpose is to set these historic and forward looking indicators in a circular process and look at the indicators collectively rather than individually, in order to determine the impact of forward plans for capital or revenue expenditure. For some

projects and large commitments to capital expenditure, a timeframe in excess of three years is advisable.

Public Works Loans Board (PWLB)

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury.

PWLB's function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.

Specified Investments

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

Weighted Average Life

The average time that deposits are lent out for, weighted by principal amount.

County Council

22 February 2012

**Council Tax Setting in Order to Meet
the County Council's Council Tax
Requirement for 2012/13**



**Report of Cabinet
[Simon Henig, Leader of the Council]**

Purpose of the Report

- 1 The purpose of this report is to enable the Council to calculate and set the Council Tax for 2012/13.

Council Tax Levels

- 2 The Local Government Finance Act 1992 and subsequent amendments (referred to as 'The Act' in this report) require the County Council to set its Council Tax before 11 March 2012.
- 3 The Localism Act 2011 has made significant changes to the Local Government Finance Act 1992, and now requires the County Council as 'billing authority' to calculate its 'council tax' requirement for the year, rather than its 'budget requirement' as previously was the case.
- 4 In setting the Council Tax, the County Council is required to make certain calculations and to approve a number of resolutions in accordance with the Act.
- 5 The detailed calculations are set out in Appendices 2 to 5. The recommended basic Council Tax at Band D for the County Council is £1,282.86. The Council Tax at Band D including the Fire and Police precepts is £1,526.72.
- 6 County Durham and Darlington Fire and Rescue Authority will recommend a Band D Council Tax of £90.45.
- 7 The Durham Police Authority set a Band D Council Tax of £153.41 at its meeting on 25 January 2012.
- 8 There will also be an additional Council Tax in any parish area where a precept has been issued, and in the former City of Durham District Council area, an additional sum for the Charter Trustees for the City of Durham.

- 9 The Act requires authorities to calculate their Council Tax requirement for the coming financial year from which council tax levels are calculated. The details are set out in Appendix 2.

Estimated Collection Fund Surplus / (Deficit)

- 10 The Council also has to determine the estimated surplus or deficit on its Collection Fund as at 31 March 2012. The Act requires authorities to transfer the surplus or deficit to the General Fund and to include it in the calculation of the Council Tax for the forthcoming year.
- 11 The estimated Collection Fund balance for the Council is a balanced position for 2011/12 and this is based on the forecasted collectible debit and collection performance across the County.
- 12 The forecasted balanced position on the Council's Collection Fund for 2011/12 has been communicated to the Fire Authority and the Police Authority.

Council Tax Calculations

Basic Council Tax

- 13 The County Council's Cabinet set its Council Tax base at 157,295.3 Band 'D' equivalent properties at its meeting on 14 December 2011 along with the tax bases for all the town and parish councils. These are shown at Appendix 3.
- 14 The Act requires a Council Tax to be set for each value category of dwelling based on property prices as at 1991 upon a range of values between Band A and Band H for its area, where Band A equates to values below £40,000 and Band H equates to values above £360,000. The Council Tax bands and the ratio of each band is as follows:

Band	A	B	C	D	E	F	G	H
Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

- 15 The Council Tax set will relate to a Band D. For other bands different proportions will apply. For example, Band A properties will be charged 6/9 (two thirds) of a Band D property and Band H properties will be charged 18/9 (double) of a Band D property.

Town and Parish Councils (including the Charter Trustees for the City of Durham)

- 16 The Town and Parish Council Precepts for 2012/13 are detailed in Appendix 3 and total £12,408,984.18. The increase in the average Band D Council Tax for Town and Parish Councils is 0.57% and results in an average Band D Council Tax figure of £102.63 for 2012/13.

- 17 The calculation of the additional tax for areas where parish precepts apply is based on the precepts submitted by each parish council and divided by the tax base approved at the Cabinet meeting on 14 December 2011 for their respective areas.
- 18 Separate arrangements are needed for the Charter Trustees for the City of Durham because the precept will apply across the whole of the area covered by the former City of Durham District Council. A precept of £103,032.00 has been submitted and this is also shown in Appendix 3. This equates to a council tax at Band D of £3.80 and will be added to the County Council's Council Tax.

County Durham and Darlington Fire and Rescue Authority

- 19 County Durham and Darlington Fire and Rescue Authority is a separate body responsible for its own financial affairs. It is recommending a 2.97% increase in Council Tax for 2012/13 and this is to be confirmed on 17 February 2012. This will result in a Band D Council Tax of £90.45.

Durham Police Authority

- 20 Durham Police Authority is a separate body responsible for its own financial affairs. It approved no increase in Council Tax for 2012/13 and this was confirmed on 25 January 2012. This results in a Band D Council Tax of £153.41.

Conclusions

- 21 The recommendations of the Council for council tax setting purposes are set out in the formal Council Tax Resolution below in paragraph 25.
- 22 If the formal Council Tax Resolution is approved, the total Band D Council Tax will be as follows:

	2011/12	2012/13	Increase
	£	£	%
Durham County Council	1,282.86	1,282.86	0.00
County Durham and Darlington Fire and Rescue Authority	87.84	90.45	2.97
Durham Police Authority	153.41	153.41	0.00
Sub-Total	1,524.11	1,526.72	0.17
Town and Parish Council (average)	102.05	102.63	0.57
Total	1,626.16	1,629.35	0.20

- 23 The Billing Authority's Council Tax (Durham County Council and the Parish and Town Council precepts including the Charter Trustees for the City of Durham) for each band of property is shown in Appendix 4.
- 24 The total Council Tax for each of the parish areas and the remaining area of the County is calculated by adding the charges for the Billing Authority to those of the Fire Authority and Police Authority. The overall council tax for each category of dwelling in each parish area and the remaining areas where there are no parish precepts is set out in Appendix 5.

Council Tax Calculations - Recommendations

- 25 The County Council is recommended to resolve as follows:
- (a) It be noted that on 14 December 2011 the Cabinet calculated the Council Tax Base 2012/13;
 - i) for the whole Council area as 157,295.3 band D equivalent properties [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
 - ii) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix 3.
 - (b) Calculate that the Council Tax Requirement for the Council's own purposes for 2012/13 (excluding Parish precepts and the Charter Trustees for the City of Durham) is £201,787,849.
 - (c) That the following amounts be calculated for 2012/13 in accordance with Sections 31 to 36 of the Act:
 - i) being the aggregate of the gross expenditure which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils: £1,200,029,833.
 - ii) being the aggregate of the gross income which the Council estimates for the items set out in Section 31A(3) of the Act: £985,833,000.
 - iii) being the amount by which the aggregate at (c) i) above exceeds the aggregate at (c) ii) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act): £214,196,833.

- iv) being the amount at (c) iii) above (Item R), all divided by Item T ((a) i) above), calculated by the Council, in accordance with Section 31B of the Act as the basic amount of its Council Tax at Band D for the year (including Parish precepts: £1,361.75.
 - v) being the aggregate amount of all special items referred to in Section 34 (1) of the Act: (total of all Parish precepts including Charter Trustees): £12,408,984.
 - vi) being the amount at (c) iv) above less the result given by dividing the amount at (c) v) above by Item T ((a) i) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax at Band D for the year for dwellings in those parts of its area to which no Parish precept relates: £1,282.86.
- (d) That Members note that for 2012/13 County Durham and Darlington Fire and Rescue Authority has recommended the following amounts will be in the precept issued to the County Council, in accordance with Section 40 of the Act, as shown in the table below:

COUNTY DURHAM AND DARLINGTON FIRE AND RESCUE AUTHORITY

A	B	C	D	E	F	G	H
£							
60.30	70.35	80.40	90.45	110.55	130.65	150.75	180.90

- (e) That Members note that for 2012/13 Durham Police Authority has recommended that the following amounts will be in the precept issued to the County Council, in accordance with Section 40 of the Act, as shown in the table below:

DURHAM POLICE AUTHORITY

A	B	C	D	E	F	G	H
£							
102.27	119.32	136.36	153.41	187.50	221.59	255.68	306.82

- (f) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2012/13 for each part of its area and for each of the categories of dwellings.

DURHAM COUNTY COUNCIL

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72

AGGREGATE OF COUNCIL TAX REQUIREMENTS (excluding Parish, Town Council and Charter Trustees)

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44

- (g) To determine that the Council's basic amount of Council Tax for 2012/13 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.
- (h) That the Chief Executive be instructed to publish a notice in accordance with the Act, relating to the amounts of council tax set.

Appendix 1: Implications

Finance – The report sets out recommendations for setting the council tax for 2012/13.

Staffing -

None.

Risk –

None.

Equality and Diversity / Public Sector Equality Duty –

None.

Accommodation –

None.

Crime and Disorder -

None.

Human Rights -

None.

Consultation -

None.

Procurement –

None.

Disability Issues –

None.

Legal Implications –

None.

**Appendix 2: Calculation of the Council Tax Requirement for Durham
County Council and the Parish and Town Councils for
2012/13**

	£
County Council's Net Expenditure	425,040,048
Less:	
Revenue Support Grant	4,245,395
Redistributed Business Rates	219,006,804
Estimated Surplus on the Collection Fund	0
Council Tax Requirement	201,787,849
Parish and Town Council Precepts	12,408,984
Council Tax Requirement (Including Parishes)	214,196,833

**Appendix 3: Schedule of Council Tax by Parish and Town Council
within Durham County Council 2012/13**

(1)	2011/12			2012/13			Council Tax Increase (8) %
	Tax Base (2)	Precepts (3) £	Council Tax Band D (4) £	Tax Base (5)	Precepts (6) £	Council Tax Band D (7) £	
Barforth	32.30	NIL	0.00	32.60	NIL	0.00	0.00%
Barnard Castle	1,923.80	136,025.00	70.71	1,950.50	148,642.00	76.21	7.78%
Barningham	79.70	700.00	8.78	80.80	600.00	7.43	-15.45%
Bearpark	622.80	14,300.00	22.96	634.40	14,300.00	22.54	-1.83%
Belmont	3,018.90	69,000.00	22.86	3,045.80	69,000.00	22.65	-0.88%
Bishop Auckland	4,974.40	114,500.00	23.02	5,100.20	119,800.00	23.49	2.05%
Bishop Middleham	437.60	41,344.00	94.48	445.10	46,841.00	105.24	11.39%
Bolam	41.10	NIL	0.00	44.70	NIL	0.00	0.00%
Bournmoor	674.70	13,150.00	19.49	680.90	13,150.00	19.31	-0.91%
Boldron	52.40	300.00	5.73	52.90	325.00	6.14	7.31%
Bowes	153.10	3,557.40	23.24	159.00	3,557.40	22.37	-3.71%
Bradbury	57.50	1,326.38	23.07	56.90	1,326.38	23.31	1.05%
Brancepeth	216.60	6,800.00	31.39	212.60	7,480.00	35.18	12.07%
Brandon and Byshottles	5,525.50	142,050.00	25.71	5,645.00	145,135.00	25.71	0.01%
Burnhope	466.80	5,135.00	11.00	484.10	5,324.00	11.00	-0.02%
Cassop-cum-Quarrington	1,469.50	27,000.00	18.37	1,583.20	29,070.00	18.36	-0.07%
Castle Eden	309.10	5,500.00	17.79	311.00	5,500.00	17.68	-0.61%
Chilton	1,092.80	201,854.63	184.71	1,118.10	206,524.25	184.71	0.00%
Cleatlam	38.50	NIL	0.00	39.80	NIL	0.00	0.00%
Cockfield	485.70	12,000.00	24.71	501.70	20,000.00	39.86	61.35%
Cornforth	760.50	92,123.00	121.13	795.10	94,886.00	119.34	-1.48%
Cornsay	320.70	12,320.00	38.42	319.70	13,200.00	41.29	7.48%
Cotherstone	256.00	5,250.00	20.51	259.70	5,500.00	21.18	3.27%
Coxhoe	1,297.20	44,275.00	34.13	1,304.40	74,374.00	57.02	67.05%
Croxdale and Hett	318.10	10,000.00	31.44	334.60	10,000.00	29.89	-4.93%
Dalton-le-Dale	517.20	12,587.00	24.34	522.30	12,776.00	24.46	0.51%
Dene Valley	764.30	10,797.00	14.13	814.60	10,956.72	13.45	-4.79%
Easington Colliery	1,417.30	320,000.00	225.78	1,453.60	320,000.00	220.14	-2.50%
Easington Village	739.30	106,445.00	143.98	742.10	109,106.00	147.02	2.11%
Edmondsley	174.50	4,890.00	28.02	182.40	6,500.00	35.64	27.17%
Eggleston	188.50	5,000.00	26.53	187.60	5,000.00	26.65	0.48%
Eldon	114.30	10,500.00	91.86	124.30	11,400.00	91.71	-0.16%
Esh	1,483.20	42,453.00	28.62	1,518.00	72,170.00	47.54	66.10%
Etherley	688.90	19,227.18	27.91	718.80	20,061.71	27.91	0.00%
Evenwood and Barony	758.30	18,000.00	23.74	778.50	19,500.00	25.05	5.52%
Ferryhill	2,994.80	611,840.00	204.30	3,064.30	626,030.00	204.30	0.00%
Fishburn	746.10	79,000.00	105.88	749.20	79,000.00	105.45	-0.41%
Forest and Frith	57.60	1,400.00	24.31	58.60	1,400.00	23.89	-1.71%
Framwellgate Moor	1,670.20	42,500.00	25.45	1,701.70	42,500.00	24.98	-1.85%
Gainford and Langton	507.90	18,878.00	37.17	519.80	18,878.00	36.32	-2.29%
Gilmonby	15.20	NIL	0.00	17.60	NIL	0.00	0.00%
Great Aycliffe	7,921.70	1,616,850.00	204.10	7,958.90	1,624,400.00	204.10	0.00%
Great Lumley	1,205.00	20,000.00	16.60	1,206.30	20,000.00	16.58	-0.11%
Greater Willington	2,128.40	59,500.00	27.96	2,173.10	59,500.00	27.38	-2.06%
Greencroft	76.30	2,477.00	32.46	84.30	2,477.00	29.38	-9.49%
Hamsterley	180.60	2,500.00	13.84	187.10	2,500.00	13.36	-3.47%
Haswell	558.60	64,306.00	115.12	582.90	67,522.00	115.84	0.62%
Hawthorn	205.30	6,300.00	30.69	206.70	6,300.00	30.48	-0.68%
Headlam	21.10	NIL	0.00	21.60	NIL	0.00	0.00%
Healeyfield	532.40	8,043.00	15.11	544.60	8,228.00	15.11	0.01%
Hedleyhope	58.00	2,800.00	48.28	58.50	2,888.00	49.37	2.26%
Hilton	18.70	NIL	0.00	18.60	NIL	0.00	0.00%
Holwick	36.60	NIL	0.00	36.20	NIL	0.00	0.00%
Hope	7.70	NIL	0.00	7.70	NIL	0.00	0.00%
Horden	2,257.00	470,221.00	208.34	2,279.60	475,614.00	208.64	0.14%
Hunderthwaite	48.10	NIL	0.00	47.90	NIL	0.00	0.00%
Hutton Henry	496.10	45,000.00	90.71	489.90	45,000.00	91.86	1.27%
Hutton Magna	49.50	200.00	4.04	49.80	500.00	10.04	148.49%
Ingleton	185.20	4,183.00	22.59	190.20	4,500.00	23.66	4.75%
Kelloe	407.60	11,700.00	28.70	409.00	11,700.00	28.61	-0.34%
Kimblesworth and Plawsworth	495.80	10,000.00	20.17	504.20	9,000.00	17.85	-11.50%
Lanchester	1,525.20	49,390.00	32.38	1,545.40	50,624.00	32.76	1.16%
Langleydale	23.10	NIL	0.00	25.40	NIL	0.00	0.00%
Lartington	62.10	750.00	12.08	62.00	785.00	12.66	4.84%
Little Lumley	518.80	7,000.00	13.49	532.20	7,000.00	13.15	-2.52%
Lunedale	38.20	150.00	3.93	41.40	150.00	3.62	-7.73%
Lynesack and Softley	413.50	8,000.00	19.35	425.70	8,400.00	19.73	1.99%
Marwood	202.70	770.00	3.80	204.70	770.00	3.76	-0.98%
Mickleton	167.10	5,000.00	29.92	171.80	5,000.00	29.10	-2.74%
Middleton-in-Teesdale and Newbiggin-in-							
Teesdale	489.00	12,409.28	25.38	499.30	12,409.28	24.85	-2.06%
Midridge	128.60	6,500.00	50.54	127.30	6,630.00	52.08	3.04%
Monk Hesleden	1,728.40	258,000.00	149.27	1,761.40	260,580.00	147.94	-0.89%
Mordon	109.80	1,675.00	15.26	110.10	1,936.00	17.58	15.27%
Morton Tinmouth	4.50	NIL	0.00	5.10	NIL	0.00	0.00%

(1)	2011/12			2012/13			Council Tax Increase (8)
	Tax Base (2)	Precepts (3)	Council Tax Band D (4)	Tax Base (5)	Precepts (6)	Council Tax Band D (7)	
Muggleswick	42.50	1,200.00	28.24	46.10	1,200.00	26.03	-7.81%
Murton	2,052.80	320,000.00	155.88	2,104.70	325,000.00	154.42	-0.94%
North Lodge	926.40	18,000.00	19.43	944.20	18,000.00	19.06	-1.89%
Ouston	904.20	20,000.00	22.12	909.60	20,000.00	21.99	-0.59%
Ovington	68.10	1,100.00	16.15	70.70	1,096.00	15.50	-4.03%
Pelton	1,816.30	109,000.00	60.01	1,831.30	109,000.00	59.52	-0.82%
Peterlee	5,690.00	1,456,894.00	256.04	5,735.30	1,468,466.00	256.04	0.00%
Pittington	500.70	13,200.00	26.36	503.60	13,200.00	26.21	-0.58%
Raby with Keeverstone	28.20	NIL	0.00	30.30	NIL	0.00	0.00%
Rokeby, Brignall and Eggleston Abbey	68.40	1,350.00	19.74	67.90	1,350.00	19.88	0.74%
Romaldkirk	88.10	2,000.00	22.70	88.50	2,000.00	22.60	-0.45%
Sacriston	1,453.40	60,000.00	41.28	1,469.90	60,000.00	40.82	-1.12%
Satley	113.70	2,850.00	25.07	119.50	2,850.00	23.85	-4.85%
Scargill	14.10	NIL	0.00	13.30	NIL	0.00	0.00%
Seaham	5,564.60	1,106,470.00	198.84	5,621.70	1,117,818.00	198.84	0.00%
Seaton with Slingley	428.30	10,712.00	25.01	432.20	11,248.00	26.02	4.06%
Sedgefield	1,938.20	232,435.00	119.92	1,963.00	238,950.00	121.73	1.50%
Shadforth	654.60	14,000.00	21.39	661.20	14,000.00	21.17	-1.00%
Sherburn	963.30	26,500.00	27.51	981.50	29,120.00	29.67	7.85%
Sildon	2,883.50	660,380.00	229.02	2,923.90	669,630.00	229.02	0.00%
Shincliffe	713.50	12,000.00	16.82	718.50	12,000.00	16.70	-0.70%
Shotton	1,197.50	98,000.00	81.84	1,237.70	106,000.00	85.64	4.65%
South Bedburn	77.20	750.00	9.72	76.70	850.00	11.08	14.07%
South Hetton	838.70	90,000.00	107.31	845.50	94,500.00	111.77	4.16%
Spennymoor	6,069.00	1,209,490.00	199.29	6,195.60	1,234,720.00	199.29	0.00%
Staindrop	476.30	12,300.00	25.82	494.90	12,300.00	24.85	-3.76%
Stainton and Streatlam	160.90	3,200.00	19.89	161.50	3,200.00	19.81	-0.37%
Stanhope	1,676.70	26,906.25	16.05	1,711.00	32,713.44	19.12	19.15%
Stanley Town Council	9,335.60	800,000.00	85.69	9,528.50	800,000.00	83.96	-2.02%
Startforth	356.10	6,500.00	18.25	360.10	6,500.00	18.05	-1.11%
Thornley	693.50	116,086.00	167.39	725.70	127,695.00	175.96	5.12%
Tow Law	589.90	24,672.00	41.82	609.40	29,606.00	48.58	16.16%
Trimdon	1,333.40	152,250.00	114.18	1,349.70	156,816.00	116.19	1.76%
Trimdon Foundry	431.20	62,226.00	144.31	442.90	64,715.00	146.12	1.25%
Urpeth	1,118.40	30,000.00	26.82	1,125.20	31,000.00	27.55	2.71%
Wackerfield	19.50	NIL	0.00	20.90	NIL	0.00	0.00%
Waldridge	1,473.10	30,000.00	20.37	1,482.00	30,000.00	20.24	-0.60%
West Auckland	739.80	22,000.00	29.74	774.90	22,067.00	28.48	-4.24%
West Rainton and Leamside	783.30	25,000.00	31.92	803.70	25,000.00	31.11	-2.54%
Wheatley Hill	869.00	100,000.00	115.07	884.80	128,902.00	145.68	26.60%
Whorton and Westwick	105.20	2,781.00	26.44	111.20	2,700.00	24.28	-8.15%
Windlestone	105.00	900.00	8.57	108.60	1,400.00	12.89	50.40%
Wingate	1,206.60	125,000.00	103.60	1,221.60	130,000.00	106.42	2.72%
Winston	196.60	3,950.00	20.09	196.70	3,950.00	20.08	-0.05%
Witton Gilbert	805.00	29,500.00	36.65	811.50	29,500.00	36.35	-0.80%
Witton le Wear	287.00	5,000.00	17.42	293.30	5,250.00	17.90	2.74%
Wolsingham	1,004.10	22,209.00	22.12	1,042.00	26,313.00	25.25	14.17%
Woodland	85.10	1,100.00	12.93	87.90	1,100.00	12.51	-3.19%
Wycliffe-with-Thorpe	43.90	NIL	0.00	49.20	NIL	0.00	0.00%
Durham City Charter Trustees	0.00	115,485.00	4.29	0.00	103,032.00	3.80	-11.49%
Total/Average (Excluding Unparished Areas)	118,754.10	12,119,148.12	102.05	120,904.70	12,408,984.18	102.63	0.57%
Reconciliation - Unparished Areas							
Consett	11,271.90	0.00	0.00	11,377.90	0.00	0.00	0.00%
Dipton	846.30	0.00	0.00	847.70	0.00	0.00	0.00%
Tanfield	1,599.70	0.00	0.00	1,608.90	0.00	0.00	0.00%
CLS Unparished	6,446.50	0.00	0.00	6,481.30	0.00	0.00	0.00%
Durham City Unparished	7,932.40	0.00	0.00	7,762.90	0.00	0.00	0.00%
Easington Unparished	58.50	0.00	0.00	57.20	0.00	0.00	0.00%
Wear Valley Unparished	8,111.70	0.00	0.00	8,254.70	0.00	0.00	0.00%
Total / Average (All Areas)	155,021.10	12,119,148.12	78.18	157,295.30	12,408,984.18	78.89	0.91%

Appendix 4: Durham County Council's Council Tax including Parish and Town Council Precepts including the Charter Trustees for the City of Durham for each Property Band in each Parished Area for 2012/13

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Barnard Castle	906.04	1,057.05	1,208.06	1,359.07	1,661.08	1,963.10	2,265.11	2,718.14
Barningham	860.19	1,003.56	1,146.92	1,290.29	1,577.02	1,863.75	2,150.48	2,580.58
Bearpark*	872.80	1,018.27	1,163.73	1,309.20	1,600.13	1,891.07	2,182.00	2,618.40
Belmont*	872.88	1,018.36	1,163.83	1,309.31	1,600.27	1,891.23	2,182.19	2,618.62
Bishop Auckland	870.90	1,016.05	1,161.20	1,306.35	1,596.65	1,886.95	2,177.25	2,612.70
Bishop Middleham	925.40	1,079.63	1,233.86	1,388.10	1,696.56	2,005.03	2,313.50	2,776.20
Bolam	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Bournmoor	868.12	1,012.80	1,157.49	1,302.17	1,591.54	1,880.92	2,170.29	2,604.34
Boldron	859.34	1,002.56	1,145.78	1,289.00	1,575.45	1,861.89	2,148.34	2,578.00
Bowes	870.16	1,015.18	1,160.21	1,305.23	1,595.29	1,885.34	2,175.39	2,610.46
Bradbury	870.78	1,015.91	1,161.04	1,306.17	1,596.43	1,886.69	2,176.95	2,612.34
Brancepeth*	881.23	1,028.10	1,174.97	1,321.84	1,615.59	1,909.33	2,203.07	2,643.68
Brandon & Byshottles*	874.91	1,020.73	1,166.55	1,312.37	1,604.01	1,895.65	2,187.28	2,624.74
Burnhope	862.57	1,006.33	1,150.10	1,293.86	1,581.38	1,868.91	2,156.43	2,587.72
Cassop-cum-Quarrington*	870.01	1,015.02	1,160.02	1,305.02	1,595.03	1,885.03	2,175.04	2,610.04
Castle Eden	867.03	1,011.53	1,156.04	1,300.54	1,589.55	1,878.56	2,167.57	2,601.08
Chilton	978.38	1,141.44	1,304.51	1,467.57	1,793.70	2,119.82	2,445.95	2,935.14
Cleatlam	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Cockfield	881.82	1,028.79	1,175.76	1,322.72	1,616.66	1,910.60	2,204.54	2,645.44
Cornforth	934.80	1,090.60	1,246.40	1,402.20	1,713.80	2,025.40	2,337.00	2,804.40
Cornsay	882.77	1,029.89	1,177.02	1,324.15	1,618.40	1,912.66	2,206.91	2,648.30
Cotherstone	869.36	1,014.25	1,159.15	1,304.04	1,593.82	1,883.61	2,173.40	2,608.08
Coxhoe*	895.79	1,045.08	1,194.38	1,343.68	1,642.27	1,940.87	2,239.46	2,687.36

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	877.70	1,023.98	1,170.26	1,316.55	1,609.11	1,901.68	2,194.24	2,633.10
Dalton-le-Dale	871.55	1,016.81	1,162.06	1,307.32	1,597.84	1,888.35	2,178.87	2,614.64
Dene Valley	864.21	1,008.24	1,152.28	1,296.31	1,584.38	1,872.45	2,160.52	2,592.62
Easington Colliery	1,002.00	1,169.00	1,336.00	1,503.00	1,837.00	2,171.00	2,505.01	3,006.00
Easington Village	953.26	1,112.13	1,271.01	1,429.88	1,747.64	2,065.39	2,383.14	2,859.76
Edmondsley	879.00	1,025.50	1,172.00	1,318.50	1,611.50	1,904.49	2,197.49	2,637.00
Eggleston	873.01	1,018.51	1,164.01	1,309.51	1,600.52	1,891.52	2,182.52	2,619.02
Eldon	916.38	1,069.11	1,221.84	1,374.57	1,680.03	1,985.50	2,290.96	2,749.14
Esh	886.94	1,034.76	1,182.58	1,330.40	1,626.05	1,921.69	2,217.34	2,660.80
Etherley	873.85	1,019.49	1,165.13	1,310.77	1,602.05	1,893.33	2,184.62	2,621.54
Evenwood and Barony	871.94	1,017.26	1,162.59	1,307.91	1,598.55	1,889.20	2,179.85	2,615.82
Ferryhill	991.44	1,156.68	1,321.92	1,487.16	1,817.64	2,148.12	2,478.60	2,974.32
Fishburn	925.54	1,079.79	1,234.05	1,388.31	1,696.82	2,005.33	2,313.84	2,776.62
Forest and Frith	871.17	1,016.36	1,161.56	1,306.75	1,597.14	1,887.53	2,177.92	2,613.50
Framwellgate Moor*	874.42	1,020.16	1,165.90	1,311.64	1,603.11	1,894.58	2,186.06	2,623.28
Gainford and Langton	879.45	1,026.03	1,172.60	1,319.18	1,612.33	1,905.48	2,198.63	2,638.36
Gilmonby	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Great Aycliffe	991.31	1,156.52	1,321.74	1,486.96	1,817.39	2,147.83	2,478.26	2,973.92
Great Lumley	866.29	1,010.68	1,155.06	1,299.44	1,588.20	1,876.97	2,165.73	2,598.88
Greater Willington	873.49	1,019.08	1,164.66	1,310.24	1,601.40	1,892.57	2,183.73	2,620.48
Greencroft	874.83	1,020.63	1,166.44	1,312.24	1,603.85	1,895.46	2,187.07	2,624.48
Hamsterley	864.15	1,008.17	1,152.20	1,296.22	1,584.27	1,872.32	2,160.37	2,592.44
Haswell	932.47	1,087.88	1,243.29	1,398.70	1,709.52	2,020.34	2,331.16	2,797.40
Hawthorn	875.56	1,021.49	1,167.41	1,313.34	1,605.19	1,897.05	2,188.90	2,626.68
Headlam	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Healeyfield	865.31	1,009.53	1,153.75	1,297.97	1,586.41	1,874.84	2,163.28	2,595.94
Hedleyhope	888.15	1,036.18	1,184.20	1,332.23	1,628.28	1,924.33	2,220.38	2,664.46
Hilton	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Hope	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Horden	994.33	1,160.05	1,325.78	1,491.50	1,822.94	2,154.39	2,485.83	2,983.00
Hunderthwaite	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Hutton Henry	916.48	1,069.22	1,221.97	1,374.72	1,680.21	1,985.70	2,291.19	2,749.44
Hutton Magna	861.93	1,005.59	1,149.24	1,292.90	1,580.21	1,867.52	2,154.83	2,585.80
Ingleton	871.01	1,016.18	1,161.35	1,306.52	1,596.86	1,887.19	2,177.53	2,613.04
Kelloe*	876.84	1,022.98	1,169.13	1,315.27	1,607.55	1,899.83	2,192.11	2,630.54
Kimbleworth and Plawsworth	867.14	1,011.66	1,156.19	1,300.71	1,589.76	1,878.80	2,167.85	2,601.42
Lanchester	877.08	1,023.26	1,169.44	1,315.62	1,607.98	1,900.34	2,192.70	2,631.24
Langleydale	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Lartington	863.68	1,007.63	1,151.57	1,295.52	1,583.41	1,871.31	2,159.20	2,591.04
Little Lumley	864.01	1,008.01	1,152.01	1,296.01	1,584.02	1,872.02	2,160.02	2,592.02
Lunedale	857.66	1,000.60	1,143.54	1,286.48	1,572.37	1,858.25	2,144.14	2,572.96
Lynesack and Softley	868.39	1,013.13	1,157.86	1,302.59	1,592.06	1,881.52	2,170.99	2,605.18
Marwood	857.75	1,000.71	1,143.66	1,286.62	1,572.54	1,858.45	2,144.37	2,573.24
Mickleton	874.64	1,020.42	1,166.19	1,311.96	1,603.51	1,895.06	2,186.61	2,623.92
Middleton-in-Teesdale and Newbiggin-in-Teesdale	871.81	1,017.11	1,162.41	1,307.71	1,598.32	1,888.92	2,179.52	2,615.42
Midldridge	889.96	1,038.29	1,186.61	1,334.94	1,631.60	1,928.25	2,224.90	2,669.88
Monk Hesleden	953.87	1,112.84	1,271.82	1,430.80	1,748.75	2,066.71	2,384.67	2,861.60
Mordon	866.96	1,011.46	1,155.95	1,300.44	1,589.43	1,878.42	2,167.41	2,600.88
Morton Tinmouth	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Muggleswick	872.59	1,018.03	1,163.46	1,308.89	1,599.75	1,890.62	2,181.48	2,617.78
Murton	958.18	1,117.88	1,277.58	1,437.28	1,756.67	2,076.07	2,395.46	2,874.56
North Lodge	867.95	1,012.61	1,157.27	1,301.92	1,591.24	1,880.56	2,169.87	2,603.84
Ouston	869.90	1,014.88	1,159.86	1,304.85	1,594.81	1,884.78	2,174.75	2,609.70
Ovington	865.57	1,009.84	1,154.10	1,298.36	1,586.89	1,875.41	2,163.94	2,596.72

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	894.92	1,044.07	1,193.23	1,342.38	1,640.69	1,938.99	2,237.30	2,684.76
Peterlee	1,025.93	1,196.92	1,367.91	1,538.90	1,880.88	2,222.86	2,564.83	3,077.80
Pittington*	875.25	1,021.12	1,167.00	1,312.87	1,604.62	1,896.37	2,188.12	2,625.74
Raby with Keverstone	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Rokeby, Brignall and Eggleston Abbey	868.49	1,013.24	1,157.99	1,302.74	1,592.24	1,881.74	2,171.24	2,605.48
Romaldkirk	870.31	1,015.36	1,160.41	1,305.46	1,595.56	1,885.66	2,175.76	2,610.92
Sacrison	882.45	1,029.53	1,176.60	1,323.68	1,617.83	1,911.98	2,206.13	2,647.36
Satley	871.14	1,016.33	1,161.52	1,306.71	1,597.09	1,887.47	2,177.85	2,613.42
Scargill	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Seaham	987.80	1,152.43	1,317.07	1,481.70	1,810.97	2,140.23	2,469.50	2,963.40
Seaton with Slingley	872.59	1,018.02	1,163.45	1,308.88	1,599.75	1,890.61	2,181.47	2,617.76
Sedgefield	936.39	1,092.46	1,248.52	1,404.59	1,716.72	2,028.85	2,340.98	2,809.18
Shadforth*	871.89	1,017.20	1,162.52	1,307.83	1,598.46	1,889.09	2,179.72	2,615.66
Sherburn*	877.55	1,023.81	1,170.07	1,316.33	1,608.85	1,901.36	2,193.88	2,632.66
Shildon	1,007.92	1,175.91	1,343.89	1,511.88	1,847.85	2,183.83	2,519.80	3,023.76
Shincliffe*	868.91	1,013.73	1,158.54	1,303.36	1,593.00	1,882.63	2,172.27	2,606.72
Shotton	912.34	1,064.39	1,216.45	1,368.50	1,672.61	1,976.73	2,280.84	2,737.00
South Bedburn	862.63	1,006.40	1,150.17	1,293.94	1,581.48	1,869.03	2,156.57	2,587.88
South Hetton	929.75	1,084.71	1,239.67	1,394.63	1,704.55	2,014.46	2,324.38	2,789.26
Spennymoor	988.10	1,152.78	1,317.47	1,482.15	1,811.52	2,140.88	2,470.25	2,964.30
Staindrop	871.81	1,017.11	1,162.41	1,307.71	1,598.32	1,888.92	2,179.52	2,615.42
Stainton and Streatlam	868.45	1,013.19	1,157.93	1,302.67	1,592.16	1,881.64	2,171.12	2,605.34
Stanhope	867.99	1,012.65	1,157.32	1,301.98	1,591.31	1,880.64	2,169.97	2,603.96
Stanley Town Council	911.21	1,063.08	1,214.95	1,366.82	1,670.56	1,974.29	2,278.03	2,733.64
Startforth	867.27	1,011.82	1,156.36	1,300.91	1,590.00	1,879.09	2,168.18	2,601.82
Thornley	972.55	1,134.64	1,296.73	1,458.82	1,783.00	2,107.19	2,431.37	2,917.64
Tow Law	887.63	1,035.57	1,183.50	1,331.44	1,627.32	1,923.19	2,219.07	2,662.88

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	932.70	1,088.15	1,243.60	1,399.05	1,709.94	2,020.84	2,331.74	2,798.10
Trimdon Foundry	952.65	1,111.43	1,270.20	1,428.98	1,746.53	2,064.08	2,381.63	2,857.96
Urpeth	873.61	1,019.21	1,164.81	1,310.41	1,601.61	1,892.82	2,184.02	2,620.82
Wackerfield	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Waldrige	868.74	1,013.52	1,158.31	1,303.10	1,592.68	1,882.26	2,171.84	2,606.20
West Auckland	874.22	1,019.93	1,165.63	1,311.34	1,602.75	1,894.15	2,185.56	2,622.68
West Rainton and Leamside*	878.51	1,024.93	1,171.35	1,317.77	1,610.60	1,903.44	2,196.28	2,635.54
Wheatley Hill	952.36	1,111.09	1,269.82	1,428.54	1,746.00	2,063.45	2,380.91	2,857.08
Whorlton and Westwick	871.43	1,016.66	1,161.90	1,307.14	1,597.62	1,888.09	2,178.57	2,614.28
Windlestone	863.83	1,007.81	1,151.78	1,295.75	1,583.70	1,871.64	2,159.59	2,591.50
Wingate	926.19	1,080.55	1,234.91	1,389.28	1,698.01	2,006.73	2,315.46	2,778.56
Winston	868.63	1,013.40	1,158.17	1,302.94	1,592.48	1,882.03	2,171.57	2,605.88
Witton Gilbert*	882.01	1,029.01	1,176.01	1,323.01	1,617.02	1,911.02	2,205.02	2,646.02
Witton le Wear	867.17	1,011.70	1,156.23	1,300.76	1,589.82	1,878.88	2,167.93	2,601.52
Wolsingham	872.07	1,017.42	1,162.77	1,308.11	1,598.80	1,889.50	2,180.19	2,616.22
Woodland	863.58	1,007.51	1,151.44	1,295.37	1,583.24	1,871.10	2,158.96	2,590.74
Wycliffe-with-Thorpe	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Unparished Areas	855.24	997.78	1,140.32	1,282.86	1,567.94	1,853.02	2,138.10	2,565.72
Unparished Areas in the former City of Durham Area*	857.77	1,000.74	1,143.70	1,286.66	1,572.58	1,858.51	2,144.43	2,573.32
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	2.53	2.96	3.38	3.80	4.64	5.49	6.33	7.60

Appendix 5: Council Tax for each Property Band for Durham County Council including Parish and Town Council Precepts including the Charter Trustees for the City of Durham and Fire and Police Authority Precepts 2012/13

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Barnard Castle	1,068.62	1,246.72	1,424.82	1,602.93	1,959.13	2,315.34	2,671.55	3,205.86
Barningham	1,022.76	1,193.22	1,363.69	1,534.15	1,875.07	2,215.99	2,556.91	3,068.30
Bearpark*	1,035.37	1,207.94	1,380.50	1,553.06	1,898.19	2,243.31	2,588.43	3,106.12
Belmont*	1,035.45	1,208.02	1,380.60	1,553.17	1,898.32	2,243.47	2,588.62	3,106.34
Bishop Auckland	1,033.47	1,205.72	1,377.96	1,550.21	1,894.70	2,239.19	2,583.68	3,100.42
Bishop Middleham	1,087.97	1,269.30	1,450.63	1,631.96	1,994.61	2,357.27	2,719.93	3,263.92
Bolam	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Bournmoor	1,030.69	1,202.47	1,374.25	1,546.03	1,889.60	2,233.16	2,576.72	3,092.06
Boldron	1,021.91	1,192.23	1,362.55	1,532.86	1,873.50	2,214.14	2,554.77	3,065.72
Bowes	1,032.73	1,204.85	1,376.97	1,549.09	1,893.34	2,237.58	2,581.82	3,098.18
Bradbury	1,033.35	1,205.58	1,377.81	1,550.03	1,894.48	2,238.93	2,583.38	3,100.06
Brancepeth*	1,043.80	1,217.77	1,391.74	1,565.70	1,913.64	2,261.57	2,609.51	3,131.40
Brandon & Byshottles*	1,037.49	1,210.40	1,383.32	1,556.23	1,902.06	2,247.89	2,593.72	3,112.46
Burnhope	1,025.15	1,196.00	1,366.86	1,537.72	1,879.43	2,221.15	2,562.86	3,075.44
Cassop-cum-Quarrington*	1,032.59	1,204.69	1,376.78	1,548.88	1,893.08	2,237.27	2,581.47	3,097.76
Castle Eden	1,029.60	1,201.20	1,372.80	1,544.40	1,887.61	2,230.81	2,574.01	3,088.80
Chilton	1,140.95	1,331.11	1,521.27	1,711.43	2,091.75	2,472.07	2,852.38	3,422.86
Cleatlam	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Cockfield	1,044.39	1,218.45	1,392.52	1,566.58	1,914.71	2,262.84	2,610.97	3,133.16
Cornforth	1,097.37	1,280.27	1,463.16	1,646.06	2,011.85	2,377.64	2,743.43	3,292.12
Cornsay	1,045.34	1,219.56	1,393.79	1,568.01	1,916.46	2,264.90	2,613.35	3,136.02
Cotherstone	1,031.93	1,203.92	1,375.91	1,547.90	1,891.88	2,235.85	2,579.83	3,095.80
Coxhoe*	1,058.36	1,234.75	1,411.14	1,587.54	1,940.32	2,293.11	2,645.90	3,175.08

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	1,040.27	1,213.65	1,387.03	1,560.41	1,907.16	2,253.92	2,600.68	3,120.82
Dalton-le-Dale	1,034.12	1,206.47	1,378.83	1,551.18	1,895.89	2,240.59	2,585.30	3,102.36
Dene Valley	1,026.78	1,197.91	1,369.04	1,540.17	1,882.43	2,224.69	2,566.95	3,080.34
Easington Colliery	1,164.58	1,358.67	1,552.77	1,746.86	2,135.05	2,523.25	2,911.44	3,493.74
Easington Village	1,115.83	1,301.80	1,487.77	1,673.74	2,045.69	2,417.63	2,789.57	3,347.48
Edmondsley	1,041.57	1,215.17	1,388.76	1,562.36	1,909.55	2,256.74	2,603.93	3,124.72
Eggleston	1,035.58	1,208.18	1,380.78	1,553.37	1,898.57	2,243.76	2,588.95	3,106.74
Eldon	1,078.96	1,258.78	1,438.61	1,618.43	1,978.09	2,337.74	2,697.39	3,236.86
Esh	1,049.51	1,224.43	1,399.34	1,574.26	1,924.10	2,273.94	2,623.77	3,148.52
Etherley	1,036.42	1,209.16	1,381.89	1,554.63	1,900.10	2,245.58	2,591.05	3,109.26
Evenwood and Barony	1,034.51	1,206.93	1,379.35	1,551.77	1,896.61	2,241.44	2,586.28	3,103.54
Ferryhill	1,154.01	1,346.35	1,538.68	1,731.02	2,115.69	2,500.36	2,885.03	3,462.04
Fishburn	1,088.11	1,269.46	1,450.81	1,632.17	1,994.87	2,357.57	2,720.28	3,264.34
Forest and Frith	1,033.74	1,206.03	1,378.32	1,550.61	1,895.19	2,239.77	2,584.35	3,101.22
Framwellgate Moor*	1,037.00	1,209.83	1,382.66	1,555.50	1,901.16	2,246.83	2,592.49	3,111.00
Gainford and Langton	1,042.03	1,215.70	1,389.37	1,563.04	1,910.38	2,257.72	2,605.06	3,126.08
Gilmonby	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Great Aycliffe	1,153.88	1,346.19	1,538.51	1,730.82	2,115.44	2,500.07	2,884.70	3,461.64
Great Lumley	1,028.87	1,200.34	1,371.82	1,543.30	1,886.26	2,229.21	2,572.17	3,086.60
Greater Willington	1,036.07	1,208.74	1,381.42	1,554.10	1,899.46	2,244.81	2,590.17	3,108.20
Greencroft	1,037.40	1,210.30	1,383.20	1,556.10	1,901.90	2,247.70	2,593.51	3,112.20
Hamsterley	1,026.72	1,197.84	1,368.96	1,540.08	1,882.32	2,224.56	2,566.80	3,080.16
Haswell	1,095.04	1,277.55	1,460.05	1,642.56	2,007.57	2,372.58	2,737.60	3,285.12
Hawthorn	1,038.13	1,211.15	1,384.18	1,557.20	1,903.24	2,249.29	2,595.33	3,114.40
Headlam	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Healeyfield	1,027.89	1,199.20	1,370.51	1,541.83	1,884.46	2,227.09	2,569.71	3,083.66
Hedleyhope	1,050.73	1,225.85	1,400.97	1,576.09	1,926.33	2,276.57	2,626.81	3,152.18
Hilton	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Hope	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Horden	1,156.91	1,349.72	1,542.54	1,735.36	2,120.99	2,506.63	2,892.27	3,470.72
Hunderthwaite	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Hutton Henry	1,079.05	1,258.89	1,438.73	1,618.58	1,978.26	2,337.94	2,697.63	3,237.16
Hutton Magna	1,024.51	1,195.26	1,366.01	1,536.76	1,878.26	2,219.76	2,561.27	3,073.52
Ingleton	1,033.59	1,205.85	1,378.11	1,550.38	1,894.91	2,239.44	2,583.97	3,100.76
Kelloe*	1,039.42	1,212.65	1,385.89	1,559.13	1,905.60	2,252.07	2,598.54	3,118.26
Kimblesworth and Plawsworth	1,029.71	1,201.33	1,372.95	1,544.57	1,887.81	2,231.05	2,574.28	3,089.14
Lanchester	1,039.65	1,212.93	1,386.20	1,559.48	1,906.03	2,252.58	2,599.13	3,118.96
Langleydale	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Lartington	1,026.25	1,197.30	1,368.34	1,539.38	1,881.47	2,223.55	2,565.64	3,078.76
Little Lumley	1,026.58	1,197.68	1,368.78	1,539.87	1,882.07	2,224.26	2,566.45	3,079.74
Lunedale	1,020.23	1,190.27	1,360.31	1,530.34	1,870.42	2,210.50	2,550.57	3,060.68
Lynesack and Softley	1,030.97	1,202.80	1,374.62	1,546.45	1,890.11	2,233.76	2,577.42	3,092.90
Marwood	1,020.32	1,190.37	1,360.43	1,530.48	1,870.59	2,210.70	2,550.80	3,060.96
Mickleton	1,037.22	1,210.09	1,382.95	1,555.82	1,901.56	2,247.30	2,593.04	3,111.64
Middleton-in-Teesdale and Newbiggin-in-Teesdale	1,034.38	1,206.78	1,379.18	1,551.57	1,896.37	2,241.16	2,585.96	3,103.14
Midldridge	1,052.53	1,227.96	1,403.38	1,578.80	1,929.65	2,280.49	2,631.34	3,157.60
Monk Hesleden	1,116.44	1,302.51	1,488.59	1,674.66	2,046.81	2,418.95	2,791.10	3,349.32
Mordon	1,029.54	1,201.13	1,372.71	1,544.30	1,887.48	2,230.66	2,573.84	3,088.60
Morton Tinmouth	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Muggleswick	1,035.17	1,207.69	1,380.22	1,552.75	1,897.81	2,242.86	2,587.92	3,105.50
Murton	1,120.76	1,307.55	1,494.34	1,681.14	2,054.72	2,428.31	2,801.89	3,362.28
North Lodge	1,030.52	1,202.28	1,374.03	1,545.78	1,889.29	2,232.80	2,576.31	3,091.56
Ouston	1,032.47	1,204.55	1,376.63	1,548.71	1,892.86	2,237.02	2,581.18	3,097.42
Ovington	1,028.15	1,199.51	1,370.86	1,542.22	1,884.94	2,227.65	2,570.37	3,084.44

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	1,057.49	1,233.74	1,409.99	1,586.24	1,938.74	2,291.24	2,643.73	3,172.48
Peterlee	1,188.51	1,386.59	1,584.68	1,782.76	2,178.93	2,575.10	2,971.27	3,565.52
Pittington*	1,037.82	1,210.79	1,383.76	1,556.73	1,902.67	2,248.61	2,594.55	3,113.46
Raby with Keverstone	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Rokeyby, Brignall and Eggleston Abbey	1,031.07	1,202.91	1,374.76	1,546.60	1,890.29	2,233.98	2,577.67	3,093.20
Romaldkirk	1,032.88	1,205.03	1,377.17	1,549.32	1,893.61	2,237.91	2,582.20	3,098.64
Sacrison	1,045.03	1,219.20	1,393.37	1,567.54	1,915.88	2,264.22	2,612.57	3,135.08
Satley	1,033.71	1,206.00	1,378.28	1,550.57	1,895.14	2,239.71	2,584.28	3,101.14
Scargill	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Seaham	1,150.37	1,342.10	1,533.83	1,725.56	2,109.02	2,492.48	2,875.93	3,451.12
Seaton with Slingley	1,035.16	1,207.69	1,380.22	1,552.74	1,897.80	2,242.85	2,587.91	3,105.48
Sedgefield	1,098.96	1,282.13	1,465.29	1,648.45	2,014.77	2,381.09	2,747.41	3,296.90
Shadforth*	1,034.46	1,206.87	1,379.28	1,551.69	1,896.51	2,241.34	2,586.16	3,103.38
Sherburn*	1,040.13	1,213.48	1,386.83	1,560.19	1,906.90	2,253.61	2,600.31	3,120.38
Sildon	1,170.49	1,365.58	1,560.66	1,755.74	2,145.90	2,536.07	2,926.23	3,511.48
Shincliffe*	1,031.48	1,203.39	1,375.31	1,547.22	1,891.05	2,234.88	2,578.70	3,094.44
Shotton	1,074.91	1,254.06	1,433.21	1,612.36	1,970.67	2,328.97	2,687.27	3,224.72
South Bedburn	1,025.20	1,196.07	1,366.94	1,537.80	1,879.54	2,221.27	2,563.00	3,075.60
South Hetton	1,092.33	1,274.38	1,456.43	1,638.49	2,002.60	2,366.71	2,730.81	3,276.98
Spennymoor	1,150.67	1,342.45	1,534.23	1,726.01	2,109.57	2,493.13	2,876.68	3,452.02
Staindrop	1,034.38	1,206.78	1,379.18	1,551.57	1,896.37	2,241.16	2,585.96	3,103.14
Stainton and Streatlam	1,031.02	1,202.86	1,374.70	1,546.53	1,890.21	2,233.88	2,577.56	3,093.06
Stanhope	1,030.56	1,202.32	1,374.08	1,545.84	1,889.36	2,232.88	2,576.40	3,091.68
Stanley Town Council	1,073.79	1,252.75	1,431.71	1,610.68	1,968.61	2,326.54	2,684.46	3,221.36
Startforth	1,029.85	1,201.49	1,373.13	1,544.77	1,888.05	2,231.34	2,574.62	3,089.54
Thornley	1,135.12	1,324.31	1,513.49	1,702.68	2,081.05	2,459.43	2,837.80	3,405.36
Tow Law	1,050.20	1,225.24	1,400.27	1,575.30	1,925.37	2,275.44	2,625.50	3,150.60

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	1,095.27	1,277.82	1,460.36	1,642.91	2,008.00	2,373.09	2,738.18	3,285.82
Trimdon Foundry	1,115.22	1,301.10	1,486.97	1,672.84	2,044.58	2,416.32	2,788.06	3,345.68
Urpeth	1,036.18	1,208.88	1,381.57	1,554.27	1,899.66	2,245.06	2,590.45	3,108.54
Wackerfield	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Waldridge	1,031.31	1,203.19	1,375.08	1,546.96	1,890.73	2,234.50	2,578.27	3,093.92
West Auckland	1,036.80	1,209.60	1,382.40	1,555.20	1,900.80	2,246.40	2,592.00	3,110.40
West Rainton and Leamside*	1,041.08	1,214.60	1,388.11	1,561.63	1,908.65	2,255.68	2,602.71	3,123.26
Wheatley Hill	1,114.94	1,300.76	1,486.58	1,672.40	2,044.05	2,415.70	2,787.34	3,344.80
Whorlton and Westwick	1,034.00	1,206.33	1,378.67	1,551.00	1,895.67	2,240.33	2,585.00	3,102.00
Windlestone	1,026.41	1,197.48	1,368.54	1,539.61	1,881.75	2,223.88	2,566.02	3,079.22
Wingate	1,088.76	1,270.22	1,451.68	1,633.14	1,996.06	2,358.98	2,721.90	3,266.28
Winston	1,031.20	1,203.07	1,374.93	1,546.80	1,890.53	2,234.27	2,578.00	3,093.60
Witton Gilbert*	1,044.58	1,218.68	1,392.78	1,566.87	1,915.07	2,263.26	2,611.45	3,133.74
Witton le Wear	1,029.75	1,201.37	1,373.00	1,544.62	1,887.87	2,231.12	2,574.37	3,089.24
Wolsingham	1,034.65	1,207.09	1,379.53	1,551.97	1,896.86	2,241.74	2,586.62	3,103.94
Woodland	1,026.16	1,197.18	1,368.21	1,539.23	1,881.29	2,223.34	2,565.39	3,078.46
Wycliffe-with-Thorpe	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Unparished Areas	1,017.81	1,187.45	1,357.08	1,526.72	1,865.99	2,205.26	2,544.53	3,053.44
Unparished Areas in the former City of Durham Area*	1,020.35	1,190.40	1,360.46	1,530.52	1,870.64	2,210.75	2,550.87	3,061.04
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	2.53	2.96	3.38	3.80	4.64	5.49	6.33	7.60

County Council

22 February 2012

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



Report of Cabinet

(Councillor Simon Henig, Leader of the Council)

Purpose of the Report

1. To provide County Council with the financial details of the Cabinet's budget recommendations in respect of the Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2012/13 to 2016/17 and the 2012/13 budget.

Executive Summary

2. 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.
3. 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 2012/13 HRA budget, 30 year HRA Business Plan and five-year MTFP are recommended in this report.
4. 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.

Background

5. The HRA is a 'ring fenced' landlord account through which the Council manages and maintains almost 19,000 social housing dwellings. The main features of the HRA are:
 - it is primarily a landlord account, recording expenditure and income arising from the provision of housing accommodation by local housing authorities;
 - the main items of income are from tenants in the form of rents from Council dwellings, garage rents, shop rentals and where applicable service charges;
 - the main items of expenditure included in the account are management and maintenance costs, loan charges and depreciation costs.
6. The HRA contributes significantly to the aims and objectives of the new Housing Strategy for Durham reflecting the '*Altogether Better Durham*' Vision of the Sustainable Community Strategy 2010-30 which the Council published in April 2010.
7. Our Housing Strategy '*Building Altogether Better Lives*' was agreed by the County Council in November 2010 and is designed to meet the challenging housing, economic, social and environmental needs of our communities. The three objectives of the Strategy – *Altogether Better Housing Markets*, *Altogether Better Housing Standards* and *Altogether Better at Housing People* - are used to frame the Council's Self Financing Business Plan.
8. The ensuing paragraphs provide details of the latest projections of the HRA and include:
 - A 30 Year HRA Business Plan and 5 Year MTFP;
 - Capital Programme;
 - 2012/13 Detailed HRA Budget;
 - Treasury Management Position on loans and investments;
 - HRA Reserves.

30 Year HRA Business Plan and 5 Year MTFP

9. Cabinet has previously considered two reports detailing our preparations for a new system of self financing for the HRA (27 October 2011 and 14 December 2011). A key feature of the system of self financing is the replacement of annual subsidy arrangements with a one-off debt settlement payable to the Government. This gives the Council the ability to strategically plan financially over the longer term allowing it to shape its housing business in line with local service and investment priorities.

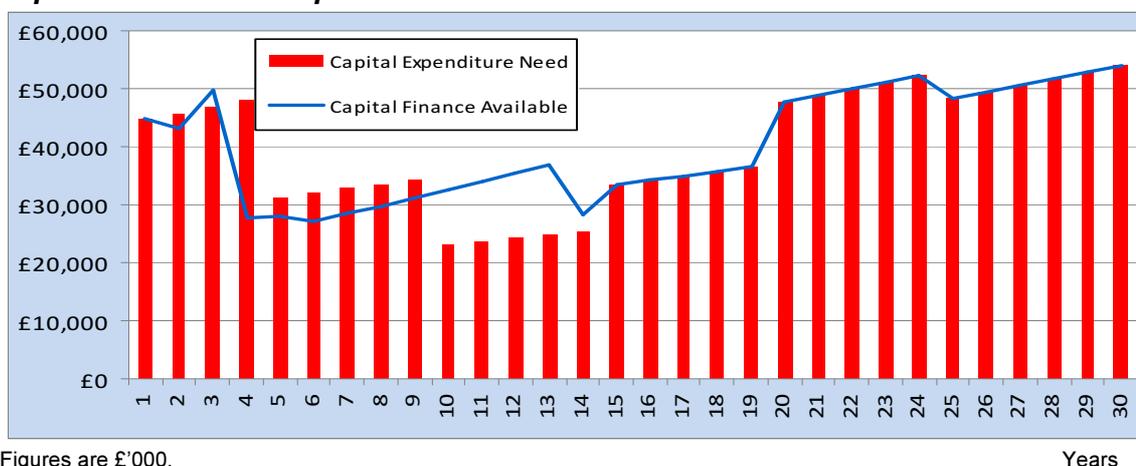
10. The following broad assumptions have been used in the 30 Year HRA Business Plan. Appendix 2 provides more details on the assumptions used:
- Rent increases following national rent policy with retail price index (RPI) plus 0.5% and rent convergence by 2015/16;
 - Debt settlement of £240m which requires an estimated payment to DCLG in March 2012 of £53m;
 - Interest rate on debt assumed as 5.25% initially then 6% for years 6 to 30;
 - Inflationary increase of 2.5% year on year for expenditure;
 - Voids levels at 1.5% on average;
 - Assumed bad debts provision for non payment at 1.5% of gross rent for years 1 to 4 due to the potential impact of Government Welfare Reforms (which is treble the current rate) and then 1% thereafter;
 - Efficiency savings of £3m delivered by 2013/14, of which £2.25m have already been earmarked (£1.35m 2012/13 and £0.90m 2013/14);
 - Known adjustments to stock such as planned demolitions, new build properties and estimates of annual right to buy sales of 36 properties;
 - Minimum level of HRA reserves of £7m.
11. The outputs of the modelling process over the full 30 year period are shown in Appendix 3 which shows the revenue account projected over the next 30 years. In summary, the results show:
- A balanced revenue budget over the full 30 year period;
 - Housing debt substantially paid off by year 30 with £1m outstanding;
 - HRA reserves being maintained at least £7m;
 - Capital programme shortfalls in the first 9 years of the Plan.
12. Appendix 4 provides forecasts for the five year Medium Term Financial Plan period 2012/13 to 2016/17 which have been taken directly from the 30 year Business Plan. During this period, a rental stream of some £330m will be available to the Council to meet its management, repairs, investment and debt costs.

Capital Programme

13. The HRA Capital Programme contributes significantly to the Housing Strategy Objective of *'Altogether Better Housing Standards'* by improving the condition of the housing stock and providing better homes with modern facilities which are warmer and more energy efficient.

14. The condition of the Council's housing stock is maintained through its annual repairs and maintenance budget and improved and refurbished through its capital programme. The size of the capital programme depends on the balance between the need of the Council to improve its stock and the availability of funds to finance the improvements.
15. Stock investment requirements form a central part of the HRA Business Plan and these have been derived from information from a stock condition survey undertaken in 2010 to identify the spending needs of the housing stock over a 30 year period.
16. The headline outputs over the full 30 year period can be represented graphically as follows which shows the expenditure requirements compared with available resources:

Expenditure need compared with resources available



Figures are £'000.

Years

17. The key focus for the Council is the medium term horizon and the next five years in particular, as it continues to explore options for the future of its housing stock. The Council's projections show a balanced revenue budget with revenue support to the capital programme of £120m (comprising of major repairs reserve and revenue contributions). After taking into account other sources of funding, the total estimated resources are £193m as shown in the following table:

Investment Resources	Year 1 2012/13 £'000	Year 2 2013/14 £'000	Year 3 2014/15 £'000	Year 4 2015/16 £'000	Year 5 2016/17 £'000	Total £'000
Major Repairs Reserve	17,158	17,538	17,932	18,345	18,767	89,740
Revenue Contribution	2,922	6,114	5,055	7,787	8,793	30,671
Capital Receipts	525	404	414	424	435	2,202
Backlog Funding Grant	13,000	12,000	26,286	0	0	51,286
Borrowing	11,249	7,100	0	1,452	0	19,801
Total Resources	44,854	43,156	49,687	28,008	27,995	193,700
Investment Need	44,854	45,850	46,926	48,024	31,250	216,904
Shortfall / (surplus)	-	2,694	(2,761)	20,016	3,255	23,204

18. There is a shortfall of up to £23m over the five year period (and £29m over 10 years). It should also be noted that Decent Homes Backlog Funding Grant has not yet been confirmed for 2013/14 and 2014/15 of the HRA Business Plan although it has been assumed in the above figures. If backlog funding is not granted in these 2 years there is a forecasted shortfall of £61m in the first five years.
19. Further detailed work is required on developing an appropriate asset management plan and investment strategy to focus and prioritise our use of limited resources taking into account sustainability issues, ensuring comparable investment standards, and targeting investment standards on assets returning the best value for investment.
20. A detailed capital programme covering the three geographical areas is being developed for 2012/13 and a summary of the proposed investment of £44.854m is shown in Appendix 6. Once the asset management plan has been finalised during 2012/13, detailed programmes and capital allocations will be allocated across the remaining four years of the MTFP.

2012/13 Detailed HRA Budget

21. The following paragraphs provide more details on the 2012/13 budget which is shown in Appendix 5. Assumptions used are shown in Appendix 2 and the ensuing paragraphs focus on the significant items of expenditure and income only as follows:
- Dwelling Rent Income
 - Other Rental Income
 - Housing Management Costs
 - Interest Payments
 - Depreciation

HRA Income

Dwelling Rent Income

22. The main source of income for the HRA is rental income from dwellings paid to the Council by tenants. Local authority rents are decided by a formula set by Government based on capital values and regional earnings. The Government's strategic aim is for similar properties in the same area to have similar rent charges no matter if they are owned by different social landlords. The aim is to deliver fairer rents and greater transparency and choice for tenants. This policy is generally known as 'rent convergence'.
23. Each year, Government sets a guideline increase or decrease for each authority based on the Retail Price Index (RPI) in the previous September and the extent to which rents need to move to meet convergence targets in the social housing sector. The Government's self financing determination assumes that local authorities follow this guideline. Where they do not, authorities are required to meet any funding gap without further government support. Where rents need to increase to hit targets, authorities must limit their weekly increases to RPI + 0.5% + £2 to minimise the impact on tenants. The baseline increase before rent restructuring equates to 6.1% and consists of the RPI to September 2010 of 5.6% and a real increase of 0.5%.
24. Applying the Government's guidelines results in an overall average increase of 6.25% for Durham which yields an average rent of £63.05 per week in 2012/13. The following table shows the impact on the average rent levels across the three management areas:

Average Rents

	Durham City		Easington		Wear Valley		Total	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
	£	£	£	£	£	£	£	£
Average Rent	61.13	65.19	57.73	61.18	59.99	63.73	59.34	63.05
Maximum Rent	76.03	81.69	73.90	78.12	72.66	78.16	76.03	81.69
Minimum Rent	*36.98	45.95	45.54	47.98	24.97	27.25	24.97	27.25

* This minimum rent relates to properties in Oversteeds in Durham City which are planned for demolition and are not included in the 2012/13 rent base.

Average Changes in Rent 2011-12 and 2012-13

	Durham City		Easington		Wear Valley		Total	
	%	£	%	£	%	£	%	£
Average Increase	6.64	4.06	5.98	3.45	6.23	3.74	6.25	3.71

The above figures exclude new build properties.

25. A significant proportion of Council tenants are in receipt of housing benefit which helps meet the cost of their rental payments due to the Council and this applies to around 70% (approximately 13,000) of our tenants, although the relative proportion in the Durham City area is slightly lower.

Other Rental Income

26. The HRA includes responsibility for managing and maintaining around 2,900 garages which generate income to the account. For 2012/13 it is proposed that increases in garage rents are linked to the average overall increase in dwelling rents of 6.25%.
27. Also included in the HRA are certain commercial properties such as shops. Rents from such properties are subject to periodic rent reviews and those properties that are subject for a rent review in 2012/13 will be considered in light of prevailing market rates. The total budgeted income for 2012/13 is £96,000.
28. In addition to their rent, tenants may also be required to pay service charges. Service charges usually relate to additional services provided to specific tenants. Different tenants may receive different types of service reflecting their housing circumstances. Local authorities have discretion to decide what services to charge for separately, and what services should be included within the rent.
29. It is recommended to County Council that changes to existing service charges proposed by the three service providers be approved subject to the agreement of the Head of Housing in consultation with Cabinet Portfolio Holder for Housing and the Corporate Director of Resources.

HRA Expenditure

Housing Management Costs

30. The housing stock is managed by three separate housing providers. Two Arms Length Management Companies (Dale and Valley Homes and East Durham Homes) manage the stock in former Wear Valley and Easington areas. These companies are wholly owned by the Council. An in-house provider, Durham City Homes, manages the stock in the Durham City area. These management arrangements reflect the position that the County Council inherited from the former district authorities prior to local government reorganisation (LGR).
31. Housing Management costs can broadly be broken down into 3 distinct areas:
- Repairs and Maintenance: relates to the day to day repairs and maintenance of the housing stock including responsive and void repairs;
 - Supervision and Management (General): costs of policy and management, tenancy administration, rent collection and accounting;

- Supervision and Management (Special): running costs of services that benefit specific groups of tenants including communal heating, lighting, lifts, caretaking, cleaning and ground maintenance.

32. Management costs continue to be examined for efficiencies and the MTFP assumes £3m in savings will be secured over 2012/13 and 2013/14. The following table identifies savings of £2.25m put forward by providers leaving £0.75m outstanding at this stage and shows that current differences in unit costs are being reduced.

Provider	Mgt Costs 2011/12	Identified Savings 12/13	Identified Savings 13/14	Revised Unit Cost per property (after all savings)
Durham City Homes	7,486,180	200,000	-	1,203
Dale and Valley Homes	5,911,000	400,000	150,000	1,271
East Durham Homes (1)	12,497,780	600,000	600,000	1,348
DCC – Central Support	2,266,139	150,000	150,000	106
Total	28,161,099	1,350,000	900,000	1,393

(1) includes £142,780 of costs charged direct to HRA and Mgt Fee to EDH of £12,355,000.

33. The variation in unit costs of management fees between the three providers is reducing and the Council as Landlord will make continuing efforts to ensure service standards are consistent across the three geographical areas whilst also aspiring to be a low cost, high performing function.
34. The implications for management fees in 2012/13 for our three housing management providers, after the above savings, are as follows:

Durham City Homes	£7,217,250 (a)
Dale and Valley Homes	£5,511,000
East Durham Homes	£11,755,000 (b)

(a) Durham City Homes reduced by £200,000 above plus a further reduction in central support charges of £68,930.

(b) Management fee to EDH is £12,355,000 less £600,000. Costs of £142,780 are charged direct to the HRA and not paid to EDH.

Interest Payments

35. This reflects the cost of borrowing to support the Housing Capital Programme. In 2012/13 starting debt has been estimated as £227m (which includes a £53m settlement payment to be made to DCLG on 28 March 2012) plus further net borrowing of £11m during the year taking the estimated closing debt at 31 March 2013 to £238m. The interest payments of £12m reflect an overall average rate of interest of 5.25%.

Depreciation

36. Depreciation costs effectively represent resources available to support the capital programme to maintain our housing asset. DCLG has allowed Council's to use the self financing Major Repairs Allowance as the basis for the depreciation charge in the HRA up to five years, whilst we move to a system of component based depreciation in line with accounting practice.

Treasury Management

37. The Council will in future be responsible for servicing and managing its own debt from the rental income it is now able to retain locally. The cost of servicing interest on this debt was previously borne by Central Government. The Council will need to allocate existing and future borrowing costs between the housing revenue account and the general fund as the current statutory method of apportioning debt charges between the general fund and HRA will cease.
38. The Chartered Institute of Public Finance and Accountancy (CIPFA) has set out a methodology for splitting loans to meet the requirements of the new system. The principles that CIPFA suggest should be followed in attributing loans are as follows:
- The underlying principle for the splitting of loans, at transition, must be at no detriment to the General Fund (GF).
 - Local authorities are required to deliver a solution that is broadly equitable between the Housing Revenue Account (HRA) and General Fund.
 - Future charges to the HRA in relation to borrowing are not influenced by General Fund decisions, giving a greater degree of independence, certainty and control.
39. Officers have applied CIPFA guidance to splitting debt between the GF and HRA using the 'two pool' approach which is the most widely supported proposal among local authorities. This will ensure that HRA debt will be managed as a separate loan portfolio in future, although all debt whether HRA or GF still remains the debt of the authority. A loan portfolio of £174m has been allocated to the HRA at an average rate of 5.5% using the above principles.
40. The Government is applying a debt cap to the Council for the HRA which has been set at £246m. The following table identifies the movements in the Housing Borrowing Requirement for next year and shows that borrowing levels will be contained within the Government's debt cap.

Movements in Housing Borrowing Requirement	£'000
Estimated Closing Housing CFR 31/3/12	174,507
Settlement Payment to CLG on 28 March 2012	52,891
Amended Closing HRA CFR	227,398
Net Borrowing to be undertaken in 2012/13	11,249
Closing HRA CFR 31/3/13	238,647
Housing Debt Cap	245,747

HRA Reserves

41. HRA reserves are forecast to reach around £7.688m by 31st March 2012 equivalent to around £410 per dwelling. Interest is receivable on HRA cash balances and £115,000 has been assumed for 2012/13.
42. The significant changes arising from the reform of Council housing finance including the transfer of some risks to the Council in future (such as interest payments on debt and fluctuations in interest rates) mean that an adequate level of reserves needs to be maintained. At the same time, the Council's stock option appraisal process is ongoing and resources might be needed to deal with any costs associated with the preferred outcome. At this point in time, it is therefore prudent to ensure balances are maintained at broadly the same level to ensure the Council's financial position is not adversely affected.

Recommendations

43. It is recommended that County Council agrees: -
 - The 30 Year HRA Business Plan (Appendix 3) and five year HRA MTFP (Appendix 4);
 - 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;
 - To agree 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 in paragraph 38 of this report;
 - 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.

Background Papers:

Report to Cabinet: Response to Government Proposals for Dismantling the HRA, 29 June 2010

Implementing Self Financing for Council Housing issued by DCLG on 1 February 2011

Self financing: Planning the transition issued by DCLG on 28 July 2011

Report to Special Cabinet: HRA Self Financing and Medium Term Financial Plan, 27 October 2011

Report to Cabinet: HRA Self Financing and Medium Term Financial Plan, 14 December 2011

Report to Special Cabinet: HRA Self Financing and Medium Term Financial Plan, 8 February 2012

Self financing determination, DCLG 1 February 2012

Contact: Azhar Rafiq - Finance Manager Tel: 0191 383 4028

Appendix 1: Implications

Finance – The financial implications have been identified throughout the report. The report sets out a full 30 year HRA Business Plan developed in line with robust estimates of expenditure needs and resource availability. Firm budgets have been developed over the MTFP with rent levels and management fee levels for providers being agreed for 2012/13.

Staffing – There are no direct implications on staffing from the information contained within this Report.

Risk – where possible prudent and conservative estimates have been used when preparing the HRA Business Plan. A number of risks previously borne by the Government will transfer to the Council in future, such as changes in interest rates, stock numbers, debt and inflation. Appropriate plans and strategies have been developed to accommodate this transfer.

Equality and Diversity / Public Sector Equality Duty – There are no direct implications from the information contained within this Cabinet report.

Accommodation – There are no direct implications from the information contained within this Cabinet report.

Crime and Disorder – There are no direct implications from the information contained within this Cabinet report.

Human Rights - There are no human rights implications from the information contained within this Cabinet report.

Consultation – Significant external consultation has been held during 2010 in the development of the Council's Housing Strategy for Durham. The Council's three housing management providers have robust consultation arrangements with our tenants and the spending plans reflect the outcome of feedback from tenants and customers. Significant consultation has been held during 2011 as part of the stock options appraisal process. Housing rents and annual rent increases are effectively determined by national policy considerations.

Procurement – Wherever possible Procurement savings are reflected in savings plans.

Disability Issues – No direct implications arising from the information contained in this Cabinet report.

Legal Implications – Under the provisions of the Local Government and Housing Act that Council is required to prepare a budget that will ensure that the HRA is not in deficit. The Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates and the level of reserves. There are legal constraints relating to what can and cannot be contained in the HRA. The Council must ensure the provisions contained in the Localism Act for self financing are implemented.

Appendix 2: HRA Business Plan Assumptions

Item	Assumptions																																																																																											
Stock Numbers	<ul style="list-style-type: none"> For rent purposes, the following overall stock numbers have been assumed over the MTFP period: <table border="1"> <thead> <tr> <th>Year</th> <th>Opening Stock</th> <th>RTB</th> <th>Demolitions</th> <th>Other</th> <th>New Build</th> <th>Closing Stock</th> <th>Average Stock</th> </tr> </thead> <tbody> <tr> <td>2011-12</td> <td>18,647</td> <td>-27</td> <td>-42</td> <td></td> <td>17</td> <td>18,595</td> <td>18,621</td> </tr> <tr> <td>2012-13</td> <td>18,595</td> <td>-48</td> <td>-12</td> <td>1</td> <td>50</td> <td>18,586</td> <td>18,591</td> </tr> <tr> <td>2013-14</td> <td>18,586</td> <td>-36</td> <td>-20</td> <td></td> <td></td> <td>18,530</td> <td>18,558</td> </tr> <tr> <td>2014-15</td> <td>18,530</td> <td>-36</td> <td></td> <td></td> <td></td> <td>18,494</td> <td>18,512</td> </tr> <tr> <td>2015-16</td> <td>18,494</td> <td>-36</td> <td></td> <td></td> <td></td> <td>18,458</td> <td>18,476</td> </tr> <tr> <td>2016-17</td> <td>18,458</td> <td>-36</td> <td></td> <td></td> <td></td> <td>18,422</td> <td>18,440</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Right to Buy sales of 36 have been assumed each year throughout life of the business plan (yrs 6 to 30). The breakdown of the opening stock for rent purposes over the 3 management areas is as follows: <table border="1"> <thead> <tr> <th>Year</th> <th>Durham City</th> <th>Easington</th> <th>Wear Valley</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2011-12</td> <td>6,025</td> <td>8,399</td> <td>4,223</td> <td>18,647</td> </tr> <tr> <td>2012-13</td> <td>5,997</td> <td>8,380</td> <td>4,218</td> <td>18,595</td> </tr> <tr> <td>2013-14</td> <td>5,976</td> <td>8,346</td> <td>4,264</td> <td>18,586</td> </tr> <tr> <td>2014-15</td> <td>5,960</td> <td>8,330</td> <td>4,240</td> <td>18,530</td> </tr> <tr> <td>2015-16</td> <td>5,944</td> <td>8,314</td> <td>4,236</td> <td>18,494</td> </tr> <tr> <td>2016-17</td> <td>5,928</td> <td>8,298</td> <td>4,232</td> <td>18,458</td> </tr> </tbody> </table>	Year	Opening Stock	RTB	Demolitions	Other	New Build	Closing Stock	Average Stock	2011-12	18,647	-27	-42		17	18,595	18,621	2012-13	18,595	-48	-12	1	50	18,586	18,591	2013-14	18,586	-36	-20			18,530	18,558	2014-15	18,530	-36				18,494	18,512	2015-16	18,494	-36				18,458	18,476	2016-17	18,458	-36				18,422	18,440	Year	Durham City	Easington	Wear Valley	Total	2011-12	6,025	8,399	4,223	18,647	2012-13	5,997	8,380	4,218	18,595	2013-14	5,976	8,346	4,264	18,586	2014-15	5,960	8,330	4,240	18,530	2015-16	5,944	8,314	4,236	18,494	2016-17	5,928	8,298	4,232	18,458
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Rent Increases	<ul style="list-style-type: none"> Rent increases assumed as follows: <ul style="list-style-type: none"> 2012-13: 5.6% inflation + 0.5% - increase of 6.1% + rent restructuring 2013-14 to 2015-16: 2.5% inflation + 0.5% - increase of 3.0% + rent restructuring 2016-17 onwards: 2.5% inflation + 0.5% - increase of 3.0% 																																																																																											
Voids	<ul style="list-style-type: none"> Assumptions on voids across the three geographical areas have been assumed at an average of 1.5% and calculated as a percentage of gross rental income. 																																																																																											
Other Income - Garage Income	<ul style="list-style-type: none"> The County Council inherited a range of different garage charges across the three former districts and a harmonisation policy has been proposed which involves converging rents towards Dale and Valley levels over three years and also ensuring that VAT is charged to private tenants in the Easington area. Increases in garage rents have been directly linked to the increase in dwelling rents. The following number of garage units have been assumed to derive garage income over the MTFP period. There is a 5% year on year reduction in the number of occupied garages. <table border="1"> <thead> <tr> <th>Estimated occupied no. of garages</th> <th>Durham City</th> <th>Wear Valley</th> <th>Easington</th> </tr> </thead> <tbody> <tr> <td>2011 -12</td> <td>880</td> <td>458</td> <td>1,585</td> </tr> <tr> <td>2012 -13</td> <td>880</td> <td>419</td> <td>1,577</td> </tr> <tr> <td>2013 -14</td> <td>836</td> <td>398</td> <td>1,498</td> </tr> <tr> <td>2014 -15</td> <td>794</td> <td>378</td> <td>1,423</td> </tr> <tr> <td>2015 -16</td> <td>754</td> <td>359</td> <td>1,352</td> </tr> <tr> <td>2016 -17</td> <td>717</td> <td>341</td> <td>1,284</td> </tr> </tbody> </table>	Estimated occupied no. of garages	Durham City	Wear Valley	Easington	2011 -12	880	458	1,585	2012 -13	880	419	1,577	2013 -14	836	398	1,498	2014 -15	794	378	1,423	2015 -16	754	359	1,352	2016 -17	717	341	1,284																																																															
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Other Income - Shops	<ul style="list-style-type: none"> There are a small number of shops accounted for in the HRA generating rental income which has been maintained at the base budget position of £96,000. 																																																																																											

Item	Assumptions
Housing Management	<ul style="list-style-type: none"> ● Housing Management costs can broadly be broken down into 2 distinct areas: <ul style="list-style-type: none"> ○ Management (General): costs of policy and management, tenancy administration, rent collection and accounting. ○ Management (Special): running costs of services that benefit specific groups of tenants including communal heating, lighting, lifts, caretaking, cleaning and ground maintenance. ● The stock is managed by 3 providers – 2 ALMOs (Dale and Valley Homes and East Durham Homes) and 1 in house (Durham City Homes) which reflects the position inherited from the former district authorities. ● Inflationary increases in costs have been assumed in the model although savings will be required to deal with the shortfall in resources in the first five years of the MTFP. ● Efficiency savings of £0.75m are also outstanding and these have been built in to the plan although the allocation of this amount across the various providers has not been determined. <p><i>Rent Rates Taxes and Other Charges</i></p> <ul style="list-style-type: none"> ● This includes all items that are liable in respect of HRA property. It includes council tax on empty properties, lease rental on properties, rates and water charges payable on non-dwellings. ● Some additional costs will be incurred for void properties that are earmarked for demolition and provision of £100,000 and £50,000 has been made in years 1 and 2 of the MTFP.
Bad Debts	<ul style="list-style-type: none"> ● The base budget assumed 0.43% of rental income. For the MTFP a more prudent assumption is proposed with a trebling of the current provision to 1.5% of gross rental income for years 1 to 4 and then 1% thereafter. This is to reflect potential impact of the Government's Welfare Reforms on rent income collecting.
Repairs	<ul style="list-style-type: none"> ● Relates to the day to day repairs and maintenance of the housing stock including responsive and void repairs. The management fees for the 3 providers contain provision for these costs.
Interest Paid	<ul style="list-style-type: none"> ● A starting debt of £227m has been assumed based on a settlement payment to DCLG of £53m, plus estimated closing debt of £174m for 2011/12. For the first 5 years an interest rate of 5.25% has been used, thereafter a rate of 6% for years 6-30.
Debt Management	<ul style="list-style-type: none"> ● This is to reflect the treasury management cost of dealing with the substantial loan portfolio of up to £247m.
Interest Received	<ul style="list-style-type: none"> ● Represents interest earned on all HRA balances and accounts.
Depreciation	<ul style="list-style-type: none"> ● For the purposes of the MTFP, the self financing Major Repairs Allowance has been used in line with guidelines from DCLG that allow this treatment for the first 5 years.
Borrowing	<ul style="list-style-type: none"> ● This reflects repayments of borrowing where surplus resources become available in any year.
RCCO	<ul style="list-style-type: none"> ● Revenue Resources remaining after meeting all management costs and interest payments are available to contribute towards the capital programme (revenue contributions to capital).
Balances	<ul style="list-style-type: none"> ● A minimum reserve balance of £7m has been used equating to around £370 per dwelling.

Appendix 3: Durham County Council 30 Year HRA Financial Business Plan

	Year	Rents (after Voids)	Other Income	Total Income	Management Expenditure	Bad Debts	Repairs	Total Revenue Expenditure	Interest Paid	Debt Mgt	Interest Received	Depreciation	Net Operating Income	Borrowing	RCCO	Annual Cashflow	Opening HRA Balance	Closing HRA Balance
1	2012.13	60,116	995	61,111	-15,919	-915	-11,869	-28,703	-12,234	-186	115	-17,158	2,945	-	-2,922	23	7,688	7,711
2	2013.14	62,321	1,072	63,393	-14,575	-949	-12,166	-27,690	-12,715	-198	146	-17,538	5,398	-	-6,114	-716	7,711	6,995
3	2014.15	64,637	1,060	65,697	-14,939	-984	-12,470	-28,393	-12,864	-165	173	-17,932	6,516	-1,452	-5,055	9	6,995	7,004
4	2015.16	67,025	1,047	68,072	-15,312	-1,021	-12,782	-29,115	-12,864	-170	207	-18,345	7,785	-	-7,787	-2	7,004	7,002
5	2016.17	68,910	1,026	69,936	-15,696	-700	-13,101	-29,497	-12,902	-185	207	-18,767	8,792	-	-8,793	-1	7,002	7,001
6	2017.18	70,838	1,052	71,890	-16,088	-719	-13,429	-30,236	-14,745	-198	207	-20,822	6,096	-	-6,095	1	7,001	7,002
7	2018.19	72,820	1,078	73,898	-16,490	-739	-13,765	-30,994	-14,745	-203	207	-21,301	6,862	-	-6,861	1	7,002	7,003
8	2019.20	74,857	1,105	75,962	-16,903	-760	-14,109	-31,772	-14,745	-208	207	-21,791	7,653	-	-7,653	0	7,003	7,003
9	2020.21	76,950	1,133	78,083	-17,326	-781	-14,462	-32,569	-14,745	-213	207	-22,292	8,471	-	-8,472	-1	7,003	7,002
10	2021.22	79,102	1,161	80,263	-17,759	-803	-14,823	-33,385	-14,745	-219	207	-22,804	9,317	-	-9,318	-1	7,002	7,001
11	2022.23	81,314	1,190	82,504	-18,202	-826	-15,194	-34,222	-14,745	-224	207	-23,328	10,192	-	-10,192	0	7,001	7,001
12	2023.24	83,587	1,220	84,807	-18,657	-849	-15,574	-35,080	-14,745	-230	207	-23,864	11,095	-	-11,096	-1	7,001	7,000
13	2024.25	85,924	1,250	87,174	-19,124	-872	-15,963	-35,959	-14,745	-235	207	-24,412	12,030	-	-12,029	1	7,000	7,001
14	2025.26	88,325	1,282	89,607	-19,602	-897	-16,362	-36,861	-14,389	-241	207	-24,973	13,350	-11,857	-1,482	11	7,001	7,012
15	2026.27	90,793	1,314	92,107	-20,092	-922	-16,771	-37,785	-13,804	-247	207	-25,547	14,931	-7,636	-7,299	-4	7,012	7,008
16	2027.28	93,330	1,346	94,676	-20,594	-948	-17,190	-38,732	-13,305	-231	207	-26,133	16,482	-9,001	-7,479	2	7,008	7,010
17	2028.29	95,937	1,380	97,317	-21,109	-974	-17,620	-39,703	-12,721	-216	207	-26,733	18,151	-10,486	-7,665	0	7,010	7,010
18	2029.30	98,617	1,415	100,032	-21,637	-1,001	-18,061	-40,699	-12,043	-202	207	-27,347	19,948	-12,093	-7,854	1	7,010	7,011
19	2030.31	101,371	1,450	102,821	-22,178	-1,029	-18,512	-41,719	-11,266	-189	207	-27,974	21,880	-13,831	-8,049	0	7,011	7,011
20	2031.32	104,202	1,486	105,688	-22,732	-1,058	-18,975	-42,765	-10,693	-177	207	-28,616	23,644	-5,265	-18,387	-8	7,011	7,003
21	2032.33	107,111	1,523	108,634	-23,300	-1,087	-19,449	-43,836	-10,343	-171	207	-29,272	25,219	-6,398	-18,820	1	7,003	7,004
22	2033.34	110,101	1,561	111,662	-23,883	-1,118	-19,935	-44,936	-9,922	-165	207	-29,944	26,902	-7,639	-19,263	0	7,004	7,004
23	2034.35	113,174	1,600	114,774	-24,480	-1,149	-20,434	-46,063	-9,423	-159	207	-30,630	28,706	-8,990	-19,716	0	7,004	7,004
24	2035.36	116,332	1,640	117,972	-25,091	-1,181	-20,945	-47,217	-8,839	-153	207	-31,332	30,638	-10,456	-20,180	2	7,004	7,006
25	2036.37	119,578	1,682	121,260	-25,719	-1,214	-21,468	-48,401	-8,004	-148	207	-32,051	32,863	-17,404	-15,453	6	7,006	7,012
26	2037.38	122,914	1,724	124,638	-26,362	-1,248	-22,005	-49,615	-6,893	-115	207	-32,785	35,437	-19,609	-15,826	2	7,012	7,014
27	2038.39	126,343	1,767	128,110	-27,021	-1,283	-22,555	-50,859	-5,646	-89	207	-33,536	38,187	-21,976	-16,209	2	7,014	7,016
28	2039.40	129,866	1,811	131,677	-27,697	-1,318	-23,119	-52,134	-4,251	-69	207	-34,305	41,125	-24,524	-16,600	1	7,016	7,017
29	2040.41	133,488	1,856	135,344	-28,389	-1,355	-23,697	-53,441	-2,697	-53	207	-35,090	44,270	-27,265	-17,001	4	7,017	7,021
30	2041.40	137,210	1,902	139,112	-29,098	-1,393	-24,289	-54,780	-973	-41	208	-35,894	47,632	-30,216	-17,412	4	7,021	7,025

Appendix 4: Five Year HRA Medium Term Financial Plan

Year £'000	2012.13 Year 1	2013.14 Year 2	2014.15 Year 3	2015.16 Year 4	2016.17 Year 5	Total 5 years
INCOME:						
Rental Income	61,031	63,270	65,621	68,046	69,959	327,927
Void Losses	-915	-949	-984	-1,021	-1,049	-4,918
Non-Dwelling Income	995	1,072	1,060	1,047	1,026	5,200
Total Income	61,111	63,393	65,697	68,072	69,936	328,209
EXPENDITURE:						
General Management	-13,777	-12,447	-12,758	-13,077	-13,404	-65,463
Special Management	-555	-553	-566	-580	-595	-2,849
Other Management	-1,587	-1,575	-1,615	-1,655	-1,697	-8,129
Bad Debt Provision	-915	-949	-984	-1,021	-700	-4,569
Responsive & Cyclical Repairs	-11,869	-12,166	-12,470	-12,782	-13,101	-62,388
Total Revenue Expenditure	-28,703	-27,690	-28,393	-29,115	-29,497	-143,398
Interest Paid	-12,234	-12,715	-12,864	-12,864	-12,902	-63,579
Debt Management	-186	-198	-165	-170	-185	-904
Interest Received	115	146	173	207	207	848
Depreciation	-17,158	-17,538	-17,932	-18,345	-18,767	-89,740
Net Operating Income	2,945	5,398	6,516	7,785	8,792	31,436
APPROPRIATIONS:						
Borrowing Repayment	0	0	-1,452	0	0	-1,452
Revenue Contribution to Capital	-2,922	-6,114	-5,055	-7,787	-8,793	-30,671
Total Appropriations	-2,922	-6,114	-6,507	-7,787	-8,793	-32,123
ANNUAL CASHFLOW	23	-716	9	-2	-1	-687
Opening Balance	7,688	7,711	6,995	7,004	7,002	n/a
Closing Balance	7,711	6,995	7,004	7,002	7,001	n/a

Appendix 5: HRA 2012/13 – Analysis of Budget by Area

	<i>2012/13 Easington</i>	<i>2012/13 Wear Valley</i>	<i>2012/13 Durham City</i>	<i>2012/13 General</i>	<i>2012/13 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Income					
Dwelling Rents: – Rents	(26,578)	(14,124)	(20,329)	-	(61,031)
– Voids	399	212	305	-	916
	(26,179)	(13,912)	(20,024)	-	(60,115)
Non Dwelling Rents: – Garages	(482)	(144)	(273)	-	(899)
– Shops/Other	(70)	(10)	(16)	-	(96)
Charges for Services and Facilities – General	-	-	(20)	-	(20)
Charges for Services and Facilities – Special	-	-	(36)	-	(36)
Total Income	(26,731)	(14,066)	(20,369)	-	(61,166)
Expenditure					
ALMO Management Fee (1)	11,755	5,511	-	-	17,266
Repairs and Maintenance	15	-	4,084	-	4,099
Supervision and Management - General	148	-	2,757	1,420	4,325
Supervision and Management - Special	133	-	432	-	565
Rent, Rates, Taxes and Other Charges	-	-	-	100	100
Depreciation and Impairment of Fixed Assets	-	-	-	17,158	17,158
Bad Debt Provision and Debts Written Off	399	212	305	-	916
Debt Management Costs	-	-	-	186	186
Total Expenditure	12,450	5,723	7,578	18,864	44,615
Net Cost of HRA Services per I&E Account	(14,281)	(8,343)	(12,791)	18,864	(16,551)
Share of Corporate and Democratic Core	-	-	-	1,085	1,085
Share of Other Costs Not Allocated to Services	239	52	111	-	402
Net Cost of HRA Services	(14,042)	(8,291)	(12,680)	19,949	(15,064)
Interest Payable and Similar Charges	-	-	-	12,234	12,234
Direct Revenue Financing	-	-	-	2,922	2,922
Interest and Investment Income	-	-	-	(115)	(115)
(Surplus)/Deficit for Year	(14,042)	(8,291)	(12,680)	34,990	(23)
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
HRA Reserves	-	-	-	7,711	7,711

- (1) The management fee covers repairs and maintenance and supervision and management expenditure.

Appendix 6: Draft HRA Capital Programme 2012/13

Improvement	2012.13 Durham City		2012.13 Easington		2012.13 Wear Valley		2012.13 Demolitions		2012.13 Total	
	£'000	No. of Dwellings Improved	£'000	No. of Dwellings Improved	£'000	No. of Dwellings Improved	£'000	No. of Dwellings Improved	£'000	No. of Dwellings Improved
Windows and Doors	1,308	527	30	9	-	-	-	-	1,338	536
Kitchens	1,321	464	3,242	1,351	1,321	458	-	-	5,884	2,276
Bathrooms	788	464	2,421	1,345	894	391	-	-	4,103	2,200
Heating/Boilers	2,390	676	6,559	1,733	890	330	-	-	9,839	2,739
Electrical/Wiring	690	328	2,934	1,048	1,180	514	-	-	4,804	1,890
Roofing/Chimneys	-	-	2,561	369	100	30	-	-	2,661	399
External/ Walls/ Fascias	-	-	4,395	586	100	22	-	-	4,495	608
Environmental	176	-	-	-	25	-	-	-	201	-
Asbestos	-	-	300	-	150	-	-	-	450	-
Disabled Adaptations	420	-	750	990	400	125	-	-	1,570	1,115
Related Assets	-	-	50	-	-	-	-	-	50	-
Exceptional Works:										
- Communal hall conversions	100	-	-	-	-	-	-	-	100	-
- Non- Traditional properties	-	-	1,000	-	-	-	-	-	1,000	-
- Floor Failures/Dampness	-	-	500	-	-	-	-	-	500	-
- Structural Repairs	-	-	130	-	-	-	-	-	130	-
Other Works:										
- Thermal Insulation Upgrades	-	-	193	-	30	166	-	-	223	166
- Green Deal Retro fits	-	-	-	-	20	5	-	-	20	5
- Periodical Electrical Testing	-	-	-	-	75	903	-	-	75	903
- Empty homes reinstatement	340	-	1,200	85	-	-	-	-	1,540	85
- Decoration allowances	100	-	325	-	-	-	-	-	425	-
- Furniture storage	50	-	50	-	-	-	-	-	100	-
- One-off replacement /ad hoc gas replacement	276	-	300	70	-	-	-	-	576	70
- Other	-	-	510	-	-	-	-	-	510	-
Housing Regeneration – acquisition/demolition	-	-	-	-	-	-	1,754	-	1,754	-
Capital Programme Management	541	-	1,550	-	415	-	-	-	2,506	-
Total	8,500		29,000		5,600		1,754		44,854	

Note: some dwellings will receive more than one improvement (e.g. a new kitchen and a new bathroom) so the actual number of dwellings improved will be less than the figures stated above. These are indicative figures based on proposals by three management providers that will be subject to Council's capital approval protocol process.

County Council

22 February 2012

Council Plan and Service Plans 2012 - 2016



Lorraine O'Donnell, Assistant Chief Executive

Simon Henig, Leader of the Council

Purpose of the Report

1. To seek Council approval of the Council Plan 2012-16 (attached as Appendix 2).

Background

2. 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.
3. 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.

Council Plan 2012 – 2016

4. The Council Plan follows our vision of an **Altogether Better Durham** which is shared by the Council and its partners which was agreed in 2009.
5. Both the Sustainable Community Strategy and Council Plan are structured around the five priority themes for Durham which are:
 - **Altogether wealthier** – focused on creating a vibrant economy and putting regeneration and economic development at the heart of what we do;

- **Altogether better for children and young people** – enabling children and young people to develop and achieve their aspirations and to maximise their potential in line with Every Child Matters;
 - **Altogether healthier** – improving health and wellbeing;
 - **Altogether greener** – ensuring an attractive and ‘liveable’ local environment and contributing to tackling global environmental challenges;
 - **Altogether safer** – creating a safer and more cohesive community.
6. An additional theme of an **Altogether Better Council** been developed for the Council Plan to capture corporate improvements that the Council has identified that it wants to make in order to enable achievement against the five priority themes.
 7. Despite the unprecedented reductions in financial support from the Government, the focus of the Council’s and partners’ ambitions remains the same. This vision and the objectives developed for each of the 5 Altogether priority themes within the Sustainable Community Strategy still articulate what the Council and partners want to achieve.
 8. However, suggested amendments to some of the Council’s specific contributions beneath the 5 Altogether priority themes plus our own priority of an Altogether Better Council are contained within this report.
 9. The Council Plan details the objectives and outcomes that we aspire to achieve. These priorities have been developed following an analysis of all available consultation data. Our identified priorities represent the needs and aspirations of our residents and customers. The Medium Term Financial Plan presented to Cabinet on 27th October sets out how revenue and capital resources have been aligned to the priority themes within the Council Plan and how consultation data has been used to shape these priorities and resourcing decisions.
 10. The Council Plan also details the strategic actions that we will be engaged in during the next 4 years in support of these priorities. These strategic actions are underpinned by a framework of specific actions within our Service Plans and will be monitored through our quarterly reporting arrangements.

Service Plans

11. Each service grouping has developed their own Service Plan to cover the forthcoming four years. These Plans have been prepared to an agreed format which have been considered collectively to reduce overlap. These plans set out the common priorities for each service grouping. Action plans for each service area contained within the Plans are designed to achieve these service priorities which in turn, contribute to corporate priority themes of the Council.

Changes to the Current Council Plan

12. Major changes to the Council Plan are detailed in the tables below and in Appendix 2.

Priority Theme	Objective	Changes
Altogether Wealthier	New Objective – A growth driven spatial planning framework for County Durham	A new objective has been added under the Altogether Wealthier theme to capture all of the actions relating to the production of the Local Plan for County Durham.
Altogether Better for Children and Young People	All	The objectives and outcomes framework for this priority theme have been completely rewritten to reflect a new approach based on the emerging new Children and Young People's Plan. The aim of this new framework is to refocus our planning around those factors which cause impact on the lives of all children, young people and families in County Durham.
Altogether Healthier	Improve life expectancy	<p>Two new outcomes have been added under this objective.</p> <p>Reducing excess winter deaths across the county is a priority for the Health and Wellbeing Partnership, and its revised Delivery Plan contains actions related to this. It was felt appropriate for an overarching strategic action to be included in the Council Plan, which would also reflect the leading role of the council in winter planning, reducing fuel poverty, etc.</p> <p>The outcome to 'reduce harm caused by drugs / substances' under the Altogether Safer theme focuses on helping people overcome dependency on drugs and the link to offending, employment and housing. It was felt that an outcome was needed in the Council Plan regarding the impact of drugs on people's health, and the work being carried out with partners to tackle this issue. This also reflects the outcome in the Sustainable Community Strategy.</p>

Priority Theme	Objective	Changes
Altogether Healthier (continued)	Improve mental health and wellbeing of the population	An additional outcome of reducing suicides has been added to reflect the strategic priority in NHS County Durham and Darlington's Integrated Strategic and Operational Plan, as well as the outcome in the Sustainable Community Strategy.
Altogether Safer	Protect vulnerable people from harm	A new outcome of building community and organisational resilience for emergency preparedness reflecting our duties under the Civil Contingencies Act has been added here. Previously, emergency planning actions fell under a number of different areas within the Plan such as counter-terrorism and climate change.
Altogether Greener	Reduce waste	Some minor amendments to wording have been made here to reflect the hierarchy of objectives and outcomes.
	Enhance, conserve and promote Durham's built environment	An additional outcome to reduce the number of vacant and derelict buildings has been added to reflect local and national concerns in relation to empty residential and heritage properties.
Altogether Better Council	An affordable financial strategy which addresses Government reductions	The outcome of delivering continuous improvement in income collection has been changed to maintaining income collection levels. This is felt to be sufficient in the current economic climate.
	Building a more streamlined corporate infrastructure	The wording of the outcome around good governance has been amended to make it less wordy.
	Manage and support our people through organisational change	The outcome of producing an Organisational Development Plan was felt to be more of an action. This has been changed to reflect the leadership role of the authority which will capture a number of actions being carried out

Priority Theme	Objective	Changes
Altogether Better Council (continued)		<p>in this area.</p> <p>Wellbeing of the workforce has been added to one of the outcomes to reflect some of the actions being carried out in this area e.g. health and safety improvements.</p> <p>The outcome around pay and conditions has been amended to reflect the purpose of carrying out this project i.e. fairness and equality.</p>
	Working to satisfy customer needs and expectations	<p>A new outcome has been added to reflect the priority around ensuring benefits are paid to the right customers at the right time.</p> <p>Two previous outcomes around customer culture and a quality customer service have been combined. In reality, many of the actions designed to achieve these previously two separate outcomes were the same.</p>
	Improving efficiency and value for money	<p>Developing a performance management framework for Durham now encompasses two previous outcomes around cost and performance as the aim is to ensure that our performance management framework incorporates value for money as one of its components.</p>

Further Work

13. Work is underway to review the corporate basket of indicators and develop new targets for the forthcoming years which we use to monitor our success in achieving the priorities set out in the Council Plan. This will be completed by the year end.

Risk Management

- 14 Any new risks associated with actions contained within Service Plans are identified as part of the service planning process. Actions contained within the Council Plan are risk managed through the inclusion of the relevant risks within the Plan. These risks are reported on through the Council's risk management processes to the Council's Audit Committee and to Cabinet via performance management reports.

Recommendations:

- 15 The County Council is recommended to approve the Council Plan 2012-16 as the key strategic document which sets out our vision and priorities for improvement, subject to any final minor amendments by the Assistant Chief Executive in consultation with the relevant portfolio holder(s).

Contact: Tom Gorman

Tel: 0191 372 7694

Background Documents

Council Plan 2012 -16 (attached)

Service Plans (click on [hyperlink](#) here to access Service Plans)

Adults, Wellbeing and Health Service Plan 2012-16

Assistant Chief Executive's Service Plan 2012 -16

Children and Young People's Service Plan 2012 -16

Neighbourhood Services Service Plan 2012 -16

Regeneration and Economic Development Service Plan 2012 -16

Resources Service Plan 2012 -16

Appendix 1: Implications

Finance

The Council Plan sets out the corporate priorities of the Council for the next 4 years. The Medium Term Financial Plan aligns revenue and capital investment to priorities within the Council Plan.

Staffing

The Council's strategies are be aligned to achievement of the corporate priorities contained within the Council Plan.

Risk

Consideration of risk is a key element in the corporate and service planning framework with both the Council Plan and Service Plans containing sections on risk.

Equality and diversity/Public Sector Equality Duty

Individual equality impact assessments have been prepared for the Council Plan and for each savings proposal within the Plan. The cumulative impact of all savings proposals in total has also been presented to Council and will be updated as savings proposals are further developed. In addition a full impact assessment has been undertaken for the draft Council Plan. The actions in the Council Plan include specific issues relating to equality and aim to improve the equality of life for those with protected characteristics. The Plan has been influenced by consultation and monitoring to include equality issues. There is no evidence of negative impact for particular groups.

Accommodation

The Council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan.

Crime and disorder

The Altogether Safer section of the Council Plan sets out the Council's contributions to tackling crime and disorder.

Human rights

None

Consultation

Council and partnership priorities have been developed following an analysis of available consultation data including an extensive consultation programme carried out as part of the development of the interim Sustainable Community Strategy and this has been reaffirmed by subsequent consultation on the budget and through the Residents' Survey. Results have been taken into account in developing our resourcing decisions.

Procurement

None

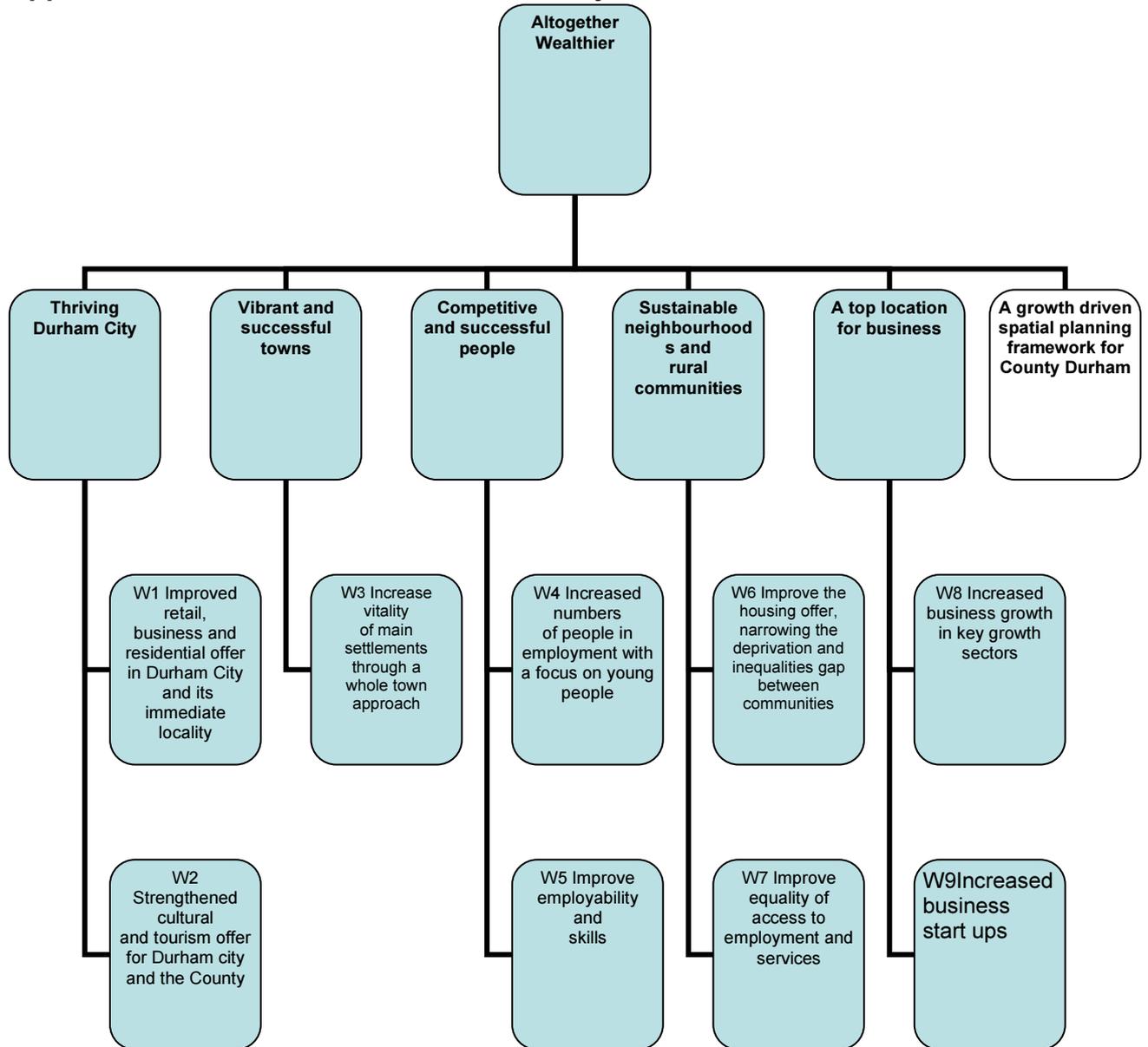
Disability

None

Legal Implications

None

Appendix 2 Council Plan 2012 – 16: Draft Objectives and Outcomes Framework



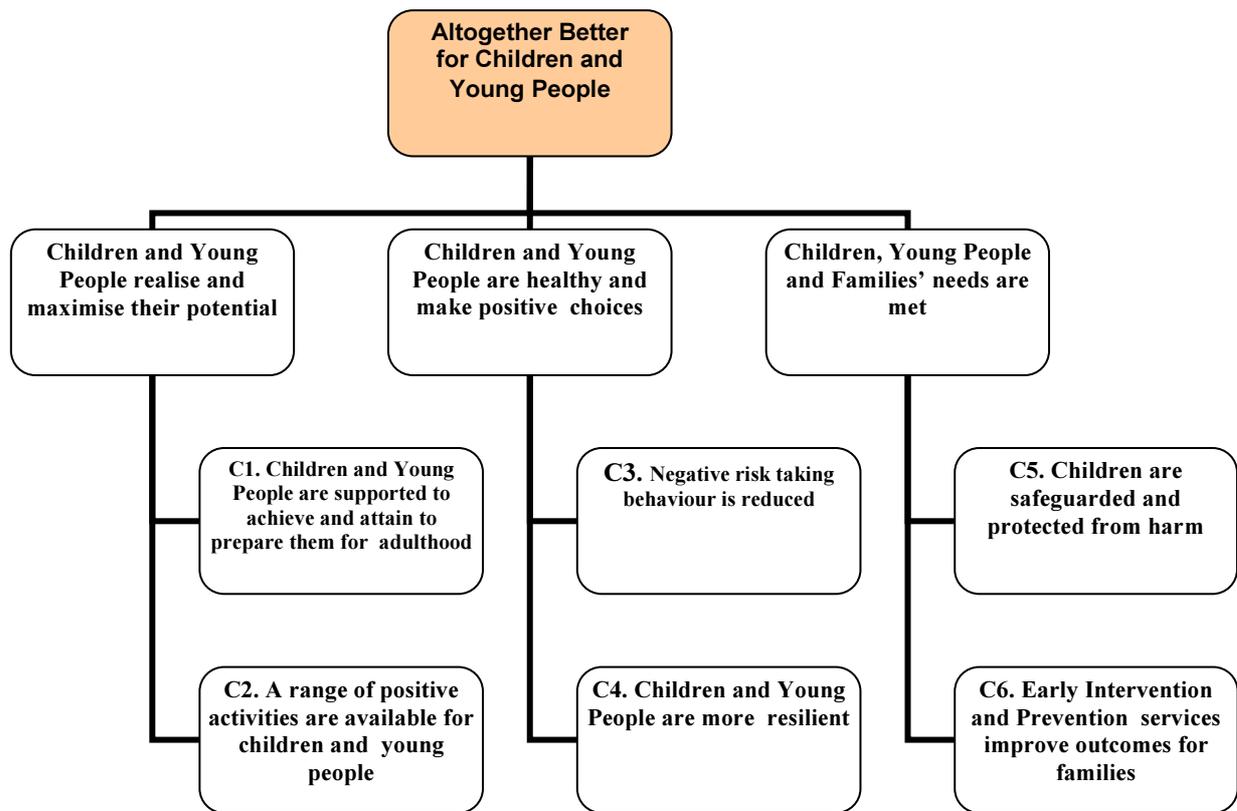
Key

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New objective/outcome





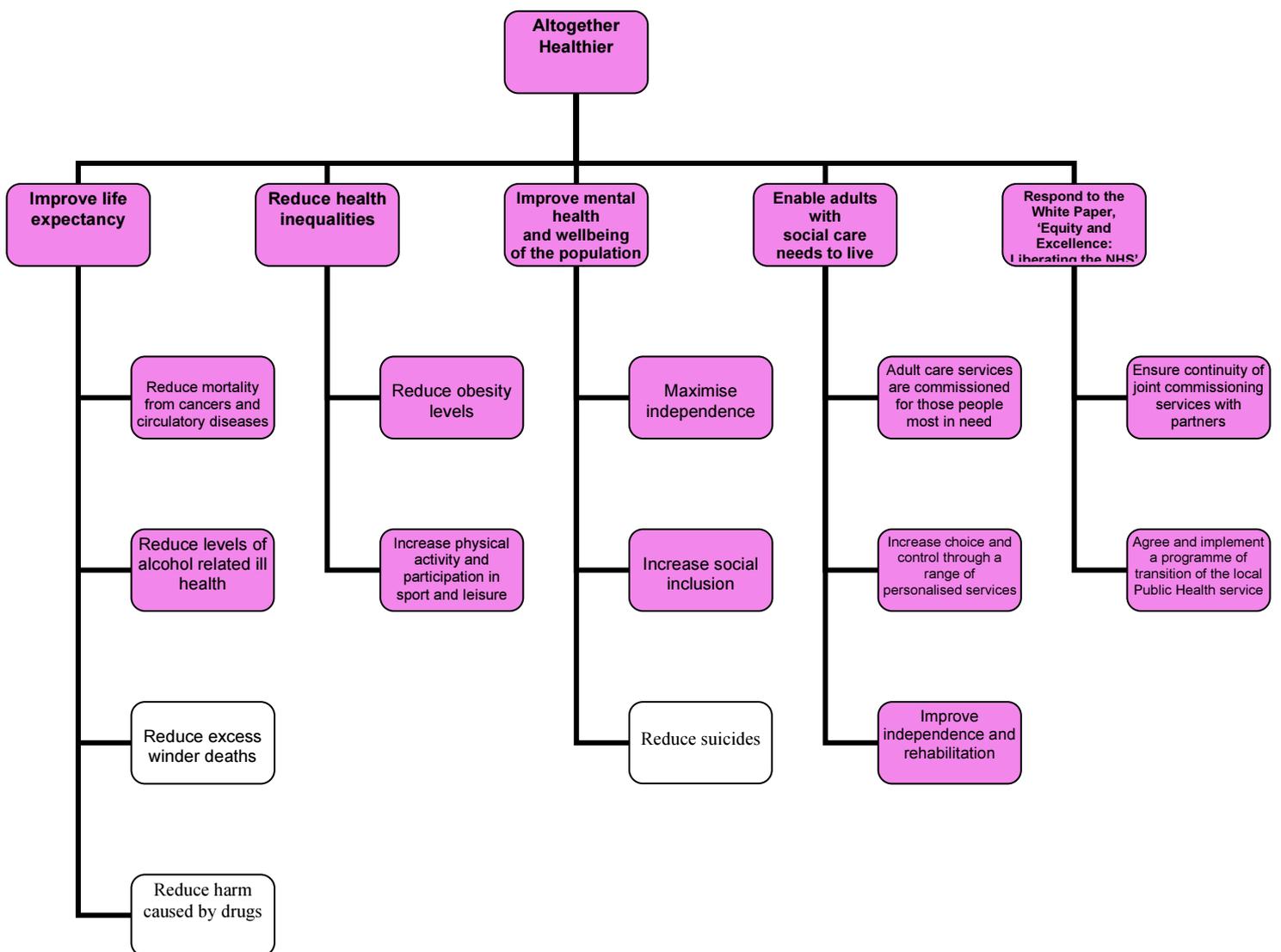
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New objective/outcome





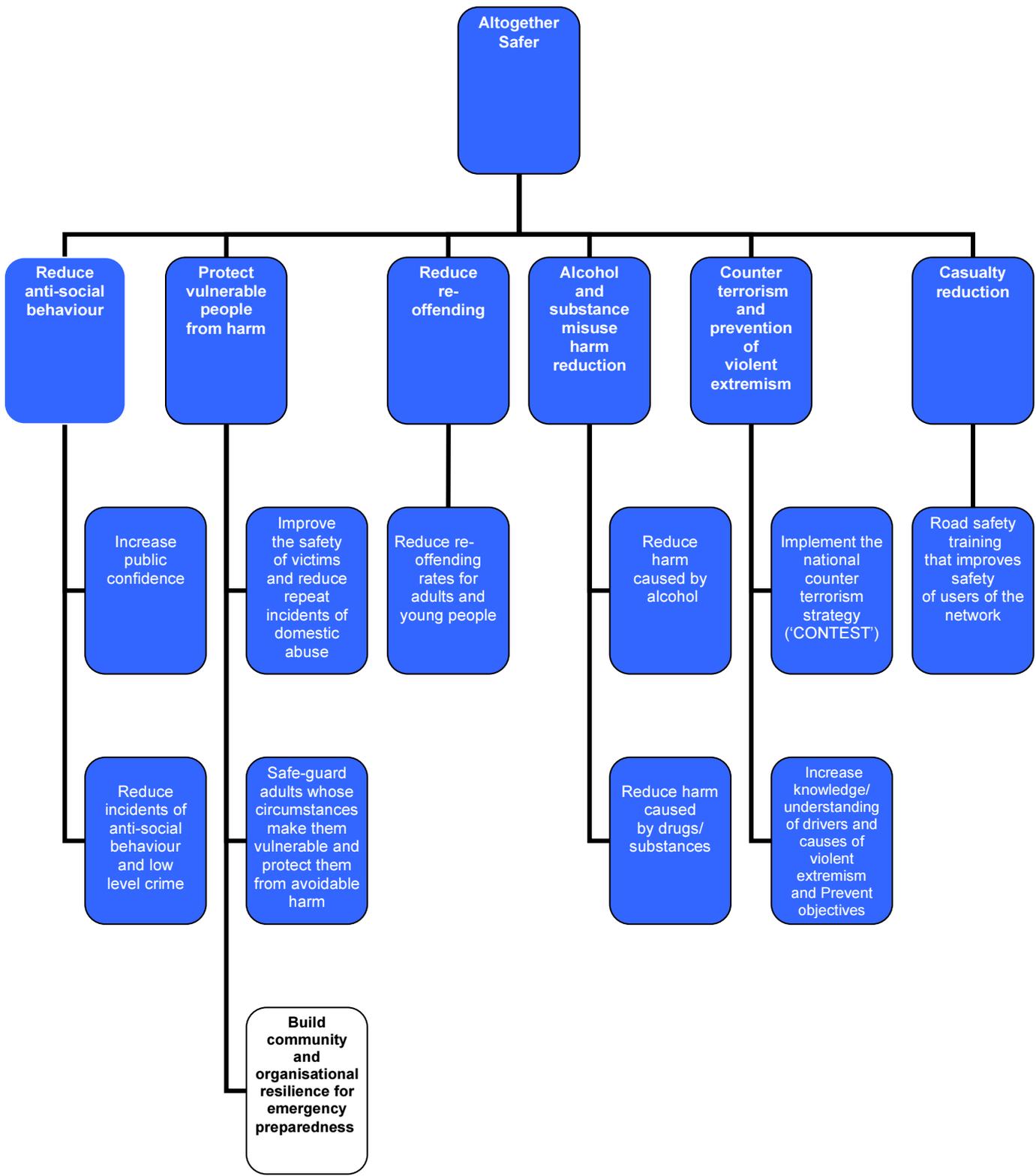
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New objective/outcome





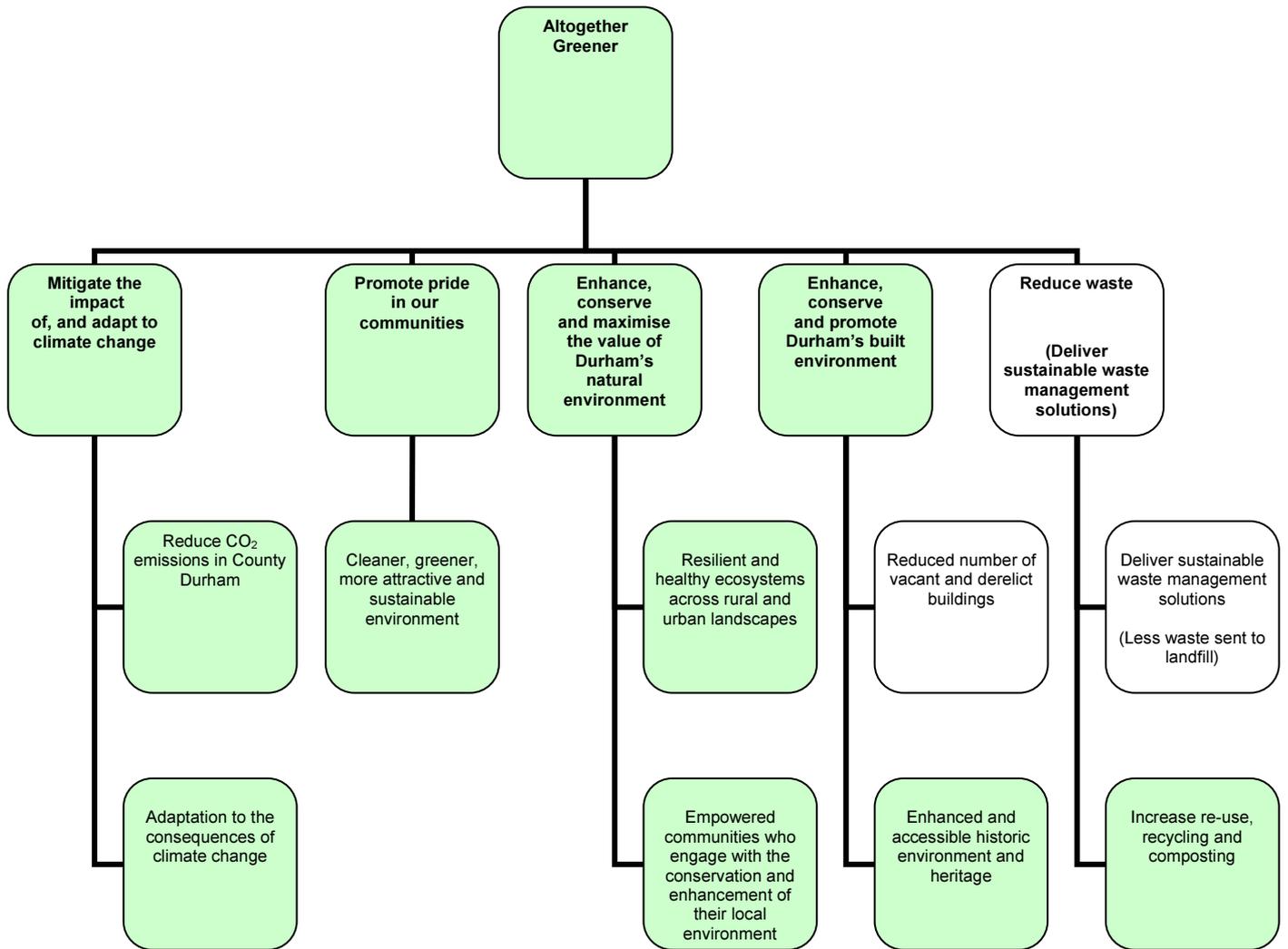
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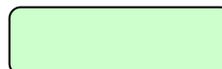
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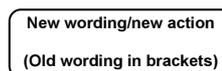


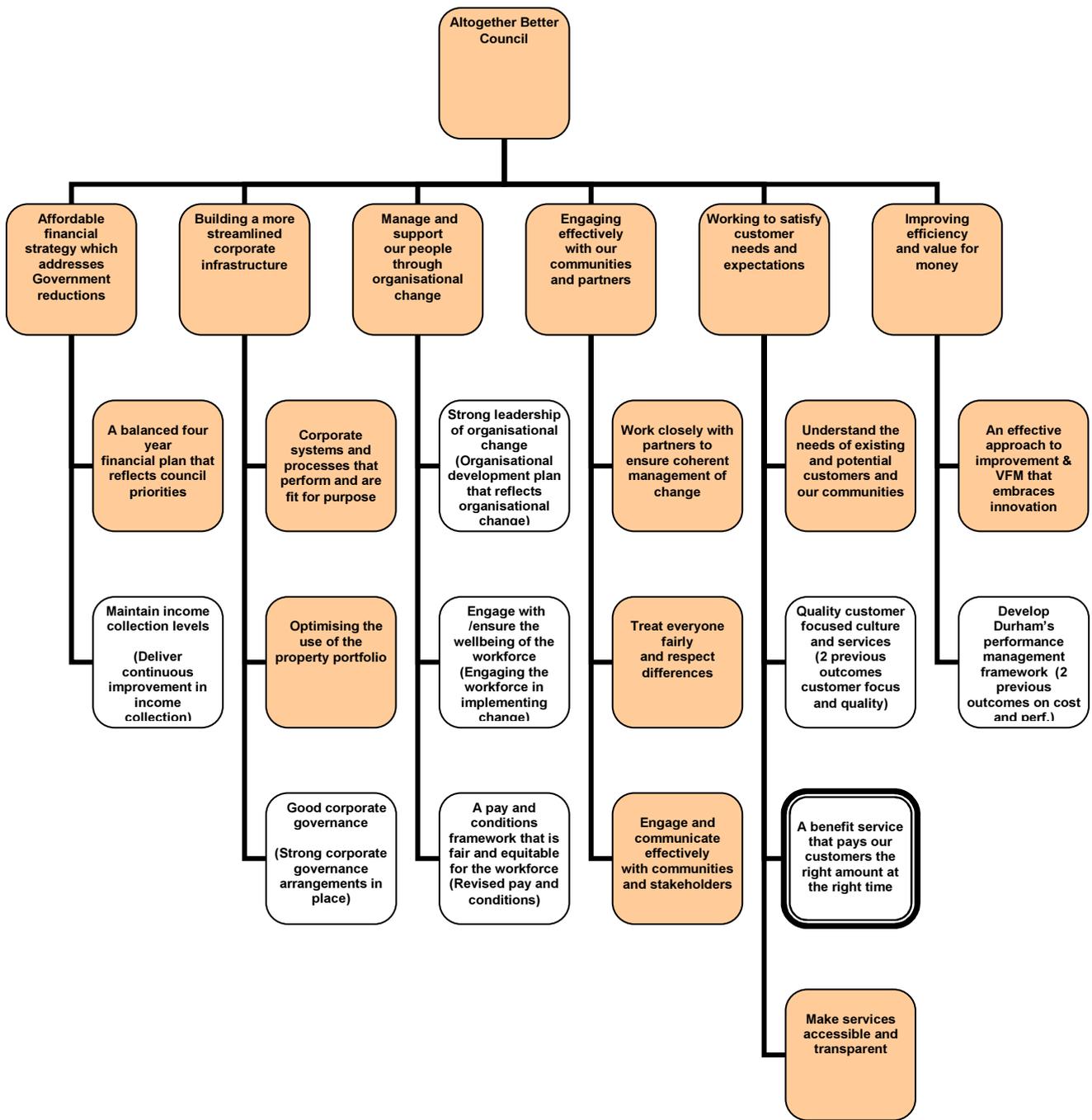
Key

No change



Amended objective/outcome



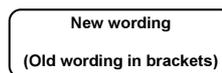


Key

No change



Amended objective/outcome



New objective/outcome



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Durham County Council

Council Plan 2012-16

Foreword

Welcome to the Council Plan which sets out what Durham County Council aims to achieve for people over the next four years. Our continuing vision is to build an Altogether Better Durham, which is better for local people and provides better places to live and work. We share this vision with other public, private and voluntary sector partners in the county. This Council Plan sets out the Council's approach to delivering its part in this vision.

A key focus of our approach is consulting and engaging effectively with local communities. This is to make sure that the Council is strongly focused on local people's needs. This focus is demonstrated in our ongoing commitment to 14 Area Action Partnerships across the county which are taking action to meet local priorities.

You will be aware that the government announced a significant reduction in local government funding in October 2010. It has been a major challenge for the Council to plan for the savings that we have had to make whilst trying to minimise the impact of our reductions on the communities that we serve. The scale of the reduction is unprecedented in recent times, and it is also heavily front loaded. The Council has to make reductions of £123.5 million over the 4 year period from 2011 with £66.4 million of savings being delivered in the first year. This Plan therefore sets out how we intend to maintain and in some cases deliver improvements to our services whilst making the required savings targets.

In 2010, we consulted widely with the public on where to make savings and where to protect services. As a result of the feedback received, we protected spending on winter maintenance, highways maintenance and repairs. We have invested in protecting children and have protected eligibility criteria on social care for adults and older people. This has meant that other areas including management and communications have had to face larger reductions. We have consulted those groups who are potentially affected by each of our savings proposals. We have listened to what people have to say and in many cases we have revised our proposals to accommodate their wishes. For instance, working with community groups and sports clubs, we have helped to retain five of the six leisure centres that were originally earmarked for closure.

Despite inevitable service reductions in some lower priority areas, we will continue deliver service improvements where possible. The Council recognises the need to invest in key infrastructure projects to support our priorities through its capital programme and is also pursuing opportunities for further service efficiencies, particularly following local government reorganisation.

Simon Henig, Leader of the Council

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The Council and the Community

County Durham

County Durham is a place of distinctive character with a strong sense of its own identity. It has a proud and unique history having been settled since ancient times by the Romans, Angles, Saxons and Normans. Durham city developed as a centre of Christian worship in the 11th century with the completion of the cathedral which is now a world heritage site. The Bishops of Durham were granted both spiritual and secular powers by William I effectively giving them the status of kings of the North East, a situation which lasted up until the Reformation. Later, County Durham became a centre for the industrial revolution providing the country and developing empire with coal, steel and ships. The area also saw the development of the World's first passenger steam railway in 1825.

Today, Durham is a county of economic, cultural and environmental contrasts. It stretches from the remote rural North Pennine area of outstanding natural beauty in the West to the more densely populated East Durham heritage coastline. The county covers an area of 223,260 hectares with 219,000 households and 12 major centres of population.

Following Local Government Reorganisation in 2009, Durham County Council, with around 510,800 residents, is now the largest council in the North East region¹ and the sixth largest all purpose council by population in England.

The economic history of the county has generated a spatially fragmented geography of around 250 settlements including rural villages, small and medium towns and a historic city with World Heritage status.

In common with the rest of the UK, the county's population is ageing with the average age of 40.9 years in 2009 rising to 44.2 years in 2026. Increases in life expectancy and the transition of the 'baby boom' generation from economic activity into retirement means that our older people cohort (aged 65 +) is predicted to rise by 45.6 per cent by 2026². Even greater increases are expected in the population of people aged 85 and over which is predicted to rise by 108.5% (over 11,520 people). An increase in the birth rate both nationally and locally will stem the decline in the number of people aged under 25, which is expected to remain fairly constant over the next two decades at its current level of approximately 30 per cent of the population.

Black and minority ethnic communities make up 1.03 per cent of the population³ and the Gypsy, Roma and Traveller community report a population of around 3,000⁴.

The 2010 Index of Deprivation show that County Durham is ranked as the 62nd most deprived out of 326 authorities nationally. There is a high proportion (45.4%) of the County Durham population living in the 30% most deprived areas. Within these communities, weekly wages and rates of car ownership are low; the health of the population is relatively poor; life expectancy is below the average for the country and there are high levels of disability and long term illness.

¹ Registrar general mid 2010 population estimates.

² County Durham Joint Strategic Needs Assessment 2011/12

³ Census 2001, ONS as updated November 2004.

⁴ Local estimate based upon white British people representing 98.7 per cent per cent of the county's population.

In September 2010, 12,492 people were claiming Job Seekers Allowance, which equates to 3.8 per cent of the working age population. This is lower than the regional average of 4.7 per cent but higher than the Great Britain average, which is 3.6 per cent. In February 2010, 33,120 people were claiming Employment and Support Allowance and incapacity benefits, which equates to 10.1 per cent of the working age population. This is higher than both the regional average of 8.9 per cent and also the Great Britain average of 6.7 per cent.

Durham County Council

Durham County Council was established along with other county councils in England and Wales in 1888. The latest reorganisation of local government in Durham in 2009 saw the abolition of the seven district and borough councils in the county and the creation of Durham County Council as a single all purpose authority providing the full range of local government services to the public.

The council is made up of 126 Members representing 63 electoral divisions with the Labour Party having a controlling majority. The political makeup of the council is as follows:

Labour	69 Councillors
Liberal Democrat	26 Councillors
Independent	21 Councillors
Conservative	10 Councillors

The council operates a Leader and Cabinet style model of political governance and the Cabinet is made up of ten councillors with the following portfolios:

Councillor	Portfolio
Councillor Simon Henig	Leader of the Council
Councillor Alan Napier	Resources (and Deputy Leader)
Councillor Morris Nicholls	Adult Services
Councillor Claire Vasey	Children and Young People's Services
Councillor Lucy Hovvels	Safer and Healthier Communities
Councillor Neil Foster	Economic Regeneration
Councillor Clive Robson	Housing
Councillor Bob Young	Strategic Environment
Councillor Brian Stephens	Neighbourhoods and Local Partnerships
Councillor Maria Plews	Leisure, Libraries and Lifelong Learning

The council's Overview and Scrutiny function is made up of six Scrutiny Committees with an Overview and Scrutiny Management Board providing an oversight of the work of these Committees which is made up of 26 councillors and 10 other representatives.

Our council is broadly comparable with a major company in size. We provide a huge range of services that include: teaching our young people and caring for our older people; lending the latest best sellers and protecting 900 year old documents; fixing road bridges and creating bridges in our communities; helping children to swim and helping adults to work; planting trees in nature reserves and recycling paper from our homes. In fact, any local service you can think of, we probably have a hand in it somewhere. We have a budget of £1.4 billion⁵, we employ 22,000 people and our services are delivered to a customer base of over half a million people. To help us manage this undertaking, we employ a Chief Executive, Assistant Chief Executive and five directors who make up the Corporate Management Team of the council. Each of the six directors heads up a large service grouping as follows:

Chief Executive	George Garlick	Head of Paid Service
Assistant Chief Executive	Lorraine O'Donnell	Corporate policy, communications, corporate planning and performance, partnerships and community engagement, overview and scrutiny, civil contingencies
Corporate Director, Resources	Don McLure	Finance, procurement, legal and democratic services, human resources and organisational development, information and communications technology
Corporate Director, Adults, Wellbeing and Health	Rachael Shimmin	Adult social care, welfare rights, adult learning, libraries, theatres and museums, archives, community safety, health improvement, gypsies and travellers

⁵ £1,409,114 gross expenditure budget for 2011/12

Corporate Director, Children and Young People's Services	David Williams	Child protection, fostering and adoption, looked after children, education development services, support to school governors, school admissions, school transport, attendance and exclusions, youth offending service, early intervention and partnership services and a range of support services
Corporate Director, Neighbourhood Services	Terry Collins	Highways, street lighting, refuse collection and disposal, parks and grounds maintenance, bereavement services, maintenance of council housing and public buildings, sport and leisure, environmental health and consumer protection, neighbourhood wardens
Corporate Director, Regeneration and Economic Development	Ian Thompson	Physical and economic regeneration, asset management, spatial policy and planning, support for business, tourism, strategic housing, landlord and tenant services, transport

The Council's Vision

Since becoming a unitary authority the council has refocused its vision and priorities together with partners and in consultation with local people and Area Action Partnerships. The new vision that was developed by the council reflected the views and aspirations of the community and opportunities for improvement. This vision focussed around an altogether better Durham and comprises two components being to have an altogether better place which is altogether better for people.

This vision provides a framework which guides all of our detailed plans and programmes which will turn our vision into a reality. This is achieved through organising our improvement actions into a structure comprised of five priority themes:

Altogether Wealthier – focusing on creating a vibrant economy and putting regeneration and economic development at the heart of all our plans;

Altogether Better for Children and Young People – ensure children and young people are kept safe from harm and that they can 'believe, achieve and succeed';

Altogether Healthier – improving health and wellbeing;

Altogether Safer – Creating a safer and more cohesive county;

Altogether Greener – ensuring an attractive and 'liveable' local environment and contributing to tackling global environmental challenges.

This vision is shared with our partners and set out in the county's Sustainable Community Strategy. It is reassuring to note that during the current economic climate with all public sector agencies facing large reductions in government funding, the council and its partners have reaffirmed their commitment to the above vision and the objectives that have previously been developed for each of the above priority themes.

The Council Plan sets out our corporate priorities for improvement and the key actions that the council will take in support of the delivery of the long-term goals in the Sustainable Community Strategy. It also identifies the improvements that the council wants to make in how it manages itself. These actions are captured in a sixth priority theme of an **Altogether Better Council**.

Each of the above priority themes is underpinned by detailed objectives and outcomes and a high level action plan for delivery set out in sections 4 to 9 of this Council Plan.

The Council's Values

The council has 5 values which support our vision and underpin our corporate priorities. These values demonstrate how staff contribute to the success of the organisation and what is required for us to be successful and deliver high class services to our residents. The Values are as follows:

- **Customer Focus**
Putting our customers at the heart of everything we do, treating internal and external customers the same.
- **Respect**
Delivering on promises and being open and honest. Treating everyone fairly. Reducing bureaucracy and simplifying how we do things.
- **Sharing**
Working together to improve how we provide services to customers and work with our partners. Helping each other through change.
- **Learning**
Encouraging questions and listening to our customers. Being innovative, learning to be different and improving.
- **Ambition**
Wanting to be the best and working together to achieve this. Making improvements through being efficient and delivering value for money.

Planning Assumptions

Our Plans have been developed after careful consideration of a number of "drivers for change" which set the context which we plan for.

These are:

National priorities

These include changes to national policy that require the council to make changes to the way in which it does things. These may include legislative and regulatory changes. The government has formulated its legislative programme following its election in May 2010. This has been characterised by significant changes in national policies including the abolition of many of the agencies that we worked closely with.

The government has in some instances, reduced the burdens and the degree of regulation and prescription placed on local authorities.

Welfare Reform - The Government's plans to reform the welfare system to help people move into and progress in work while supporting the most vulnerable in society. The Welfare Reform Bill has been introduced to make a wide range of reforms to make the benefits and tax credits system fairer and simpler. The aim of the Bill is to:

- Create the right incentives to get more people into work by ensuring that work pays.
- Protect the most vulnerable people in society.
- Deliver fairness to those claiming benefit and to the tax payer.

The Bill will have a significant effect on the Council's customers and on a number of services that the Council delivers such as welfare rights and housing benefits administration.

Localisation of Business Rates - Business rates are currently collected by local authorities and then paid to the Government who redistribute this income to councils according to a national formula. The Government has plans to localise business rates. The aims of this plan are to give local authorities more control of the resources they raise and also more certainty in financial planning for the long term. This is a fundamental change to the local government finance system and has the potential to impact negatively on County Durham as we are a net recipient from the current pooling system in that we receive more through the redistribution of business rates than we collect locally.

Reform of the National Health Service - The Health and Social Care Bill introduces some fundamental reforms to the NHS including:

- Clinically led commissioning which will see an abolition of Primary Care Trusts and the establishment of Clinical Commissioning Groups (including GPs, nurses and other health professionals) which all directly commission health services for their populations.
- Giving greater freedoms to NHS foundation trusts.
- Giving a greater voice to patients through the establishment of new HealthWatch patient organisations.
- Transferring public health to local authorities and establishing Public Health England to drive improvements in public health nationally.

This legislation will significantly impact on the Council as a provider and commissioner of social care services and through its health and wellbeing role.

Localism Act - The Localism Act received assent in November 2011. This legislation gives greater powers to both local authorities and the general public regarding decision making and accountability. Key measures included in the Act are:

- General power of competence – Sometimes local authorities are prevented from doing things differently because they are not sure that the law allows them to. This power will allow local authorities to act more innovatively in service delivery and it will also give the private sector more confidence that

any contractual arrangements that they have with the council cannot be challenged as being ultra vires or beyond its powers.

- Community rights - Voluntary and community groups, parish councils and local authority staff will have the right to challenge to take over the running of local public services under a community right to challenge. Under the community right to bid, important local amenities and buildings - such as old town halls, community halls or the last village shop or pub can be nominated for listing by the local authority as assets of community value. If listed assets come up for sale, communities will have extra time to prepare a bid to take them over, making it easier to keep important assets in public use. Taxpayers in the county will also have the right to approve or veto any excessive council tax rises if they are proposed by the council.
- Neighbourhood planning – The Act creates provisions for parish/town councils or neighbourhood forums to prepare neighbourhood plans that can be adopted by the council and become a consideration in any future planning decisions.
- Housing – New powers will allow the council to offer homeless people tenancies in private sector accommodation instead of being obliged to offer social housing. It also gives the council the power to offer new social housing tenants shorter, fixed-term (minimum two year) tenancies. The council will also be able to decide who goes on the housing waiting list with central government setting out who it feels has the greatest housing needs. Rental income can also be retained to spend on housing investment locally.

Transparency and openness - The Government is encouraging all local authorities to be more open and transparent in the way they operate by making more data available to the public. They have published a code of recommended practice which contains minimum standards regarding information on payments to suppliers, councillor allowances and expenses, salaries, organisation charts, grants to voluntary and community organisations, policies, performance, external audit and inspection, contracts and tendering, public land and assets, election results, minutes from meetings and key decisions.

Local Enterprise Partnerships – Local Enterprise Partnerships between local authorities and business have been set up by the Government to play a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. They have also been created as a key vehicle in delivering Government objectives for economic growth and decentralisation, whilst also providing a means for local authorities to work together with business in order to accelerate economic recovery. Local Enterprise Partnerships are based on meaningful economic areas. County Durham falls into the North Eastern Local Enterprise Partnership which also includes Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.

Inspection and regulatory regime The Government has reduced the burden of inspection on local authorities. The Comprehensive Area Assessment regime has been dismantled and service inspections by the Audit Commission has ceased. The Audit Commission itself is to be disbanded. Central inspection will be focused on the most vulnerable to help maintain high standards in children's services and adult social care. Intervention will focus on cases of serious risk or failure. The audit of the Council's accounts is currently provided by the Audit Commission. The Government has opened the market to the private sector and a tendering exercise is currently

underway to commission firms to procure the audit work in the public sector currently undertaken by the Audit Commission.

Public sector equality duty – The Equality Act 2010 places a new duty on public sector bodies. The Council being a public sector body as defined in the Act has a general duty to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations across all characteristics protected by the Equality Act 2010. These include existing characteristics of race, disability and gender as well as some new characteristics including age, sexual orientation and religion or belief. There are also a series of specific duties which local authorities must comply with including the publication of information that they use in helping them meet the general duty.

Academies – Academies are publicly funded independent schools. They are given greater freedom than local authority controlled schools. They can set their own pay and conditions for staff, have freedoms around the delivery of the curriculum and have the ability to change the length of terms and the school day. Academies receive the same level of per-pupil funding as they would receive from the local authority as a maintained school plus additions to cover the services that are no longer required for them by the local authority. Academies can still buy in services from the Council but have greater freedom over how they use their budgets to best benefit their students. The governing body of maintained schools can pass a resolution to convert to an academy and must then follow an application process laid down by the Department for Education. There are currently ten academies within County Durham:

- The Academy at Shotton Hall
- The Hermitage Academy, Chester-le-Street
- King James I Academy, Bishop Auckland
- Staindrop School
- Teesdale School and Sixth Form Centre, Barnard Castle
- Park View School, Chester-le-Street
- The North Durham Academy, Stanley
- Framwellgate School Durham
- St John's School and Sixth Form College, A Catholic Academy, Bishop Auckland
- Consett Academy

Reform of Care and Support - The Law Commission published a report which included the following recommendations related to social care reform: putting the individual's wellbeing at the heart of decision-making; giving carers new legal rights to services; giving adult safeguarding boards a statutory footing; building a single, streamlined assessment and eligibility framework; placing duties on councils to work together with health sector partners.

The Dilnot Commission also produced a report on the future funding of care and support and recommended that social care be considered as part of a wider care and support system which includes social care, health care, housing support and public health services, as well as the invaluable contribution made by carers, volunteers and community organisations. It is anticipated that the government will publish a Care and Support White Paper in 2012. This will impact on the delivery of health and social care services in County Durham.

Police Reform - Forthcoming legislation aims to replace police authorities with directly elected Police and Crime Commissioners with the aim of improving police accountability. These changes have the potential to affect the relationship that the local authority has with the police.

Local priorities

The council identifies local priorities for County Durham through a series of local assessments. The Joint Strategic Needs Assessment (JSNA) carried out annually by the council in partnership with NHS County Durham provides an overview of the current and future health and wellbeing needs of the people of County Durham. This assessment shows that the health of residents has improved significantly over recent years with people living longer. However, health of the population remains poor in comparison with the national picture and health inequalities remain persistent and pervasive. Early deaths from heart disease, stroke and cancer are worse than England averages. Smoking is the biggest contributor to shorter life expectancy accounting for 66% of early or premature deaths. Levels of obesity and admissions to hospital for alcohol-related harm are increasing in the county. Local priorities for tackling health inequalities include reducing smoking, tackling obesity, reducing alcohol misuse, reducing teenage conceptions, promoting positive mental health and reducing early deaths from heart disease and cancer. Future needs centre around an increasing ageing population and the implications for health and social care.

The Safe Durham Partnership Strategic Assessment carried out by the council, Durham Constabulary and County Durham and Darlington Fire and Rescue Service has highlighted seven priorities for the Safe Durham Partnership to work on including anti-social behaviour, tackling alcohol and substance misuse and protecting vulnerable people from harm as key priorities for the council and its partners on the Safe Durham Partnership.

Other key assessments include the Strategic Housing Market Assessment (SHMA), and the Child Poverty Needs Assessment. The SHMA was completed in 2008 but is currently being updated to reflect the different economic climate we are now in. The updated assessment will be used to inform policy and strategy development for both housing and planning services.

The Child Poverty Needs Assessment was completed in December 2010 and was used to develop the council's first Joint Child Poverty Strategy. This is a major issue for County Durham with almost 1 in 4 children and young people living in poverty across County Durham, with it being more than 60% in some neighbourhoods. The Strategy highlights a number of related themes within the county including the levels of deprivation, inadequate housing, life expectancy rates, teenage pregnancies, low educational attainment and worklessness.

The County Durham Regeneration Statement outlines how the underlying ambition of creating sustainable places where people want to live, work, invest and visit can

be achieved. The 5 core objectives outlined in the Statement, frame the 'Altogether Wealthier' section of this plan. The County Durham Economic Partnership has agreed 5 key measures to monitor change including: the employment rate; business registrations; household disposable income per head of population; the gross value added and the level of deprivation in local communities

Resources

By far the biggest driver for change which is affecting our plans, certainly in the medium to long-term is the reduction in government support in the form of grant funding. The government has stated that its most urgent task is tackling the structural deficit within the course of the current Parliament with the main burden of deficit reduction being borne by reduced spending rather than increased taxation. The two-year Finance Settlement received on 13 December 2010 confirmed the size of future grant reductions and the government's heavy front loading of reductions in 2011/12 and 2012/13. In total, the council is forecasting the loss of £92.5m of government Grant over the 4 year period of the council's Medium-Term Financial Plan (MTFP) with £60.3m in 2011/12. After taking into account estimated budget pressures faced, the council is required to achieve £67.1m of savings in 2011/12 and £125m of savings over the whole of the MTFP. This is the equivalent of almost 30% of the council's 2010/11 Net Revenue Expenditure Budget.

The council has adopted a risk based approach to the achievement of savings that seeks to minimise the effects on frontline services. This is detailed in the Performance and Efficiency section of this Plan.

In order to protect front line services insofar as is possible, the council has agreed an approach to managing these reductions by achieving more than half the required savings through reductions to management costs, support services, realising service efficiencies and increases to fees and charges. It is expected that a reduction of 1,600 full-time equivalent posts will be necessary over the 4 year period from 2010/11 to balance the books.

These savings requirements are requiring all council services to fundamentally challenge each line of their budget and explore more innovative approaches to service delivery. Much of this review activity will dominate our work over the course of the Council Plan. A full list of savings and review work agreed by the council is at Appendix 2.

Risks and Opportunities

An essential part of corporate and service planning is the consideration of risks and actions that the council can take to minimise or eliminate their occurrence or their impact on service delivery. Risk management is integrated within the council's annual planning cycle and risks are kept under regular scrutiny with a formal review of all service and corporate risks being carried out on a quarterly basis by the council's Corporate Risk Management Group. The council's Audit Committee is also responsible for monitoring the development and operation of risk management and the overall corporate governance of the Authority. Risks are assessed at two levels: gross impact and likelihood based on an assessment of the risk without any controls in place; and net impact and likelihood based on the assessment of the current risk after taking into account the existing controls and mitigating actions in place. The top 10 risks from the authority's corporate risk register are listed below

Corporate Risks – Net Impact and Likelihood

Impact					
Critical			Risks 1 and 2		
Major				Risks 3, 4, 5, 6 & 7	
Moderate					Risk 8, 9 & 10
Minor					
Insignificant					
Likelihood	Remote	Unlikely	Possible	Probable	Highly Probable

Ref	Corporate Theme	Risk	Direction of Travel	Anticipated date when risk will be at an acceptable level
1	Altogether Better Council	Slippage in delivery of the MTFP will require further savings, which may result in further service reductions/ job losses.		This will be a significant risk for at least the next 4 years and will be managed through integrated and robust programme management.
2	Altogether Greener	Failure to identify and effectively regulate Contaminated Land.		Once the first phase of inspections (i.e. the top 10 sites) has been completed during 2011/12, this will provide a clearer position on the resource and funding needed to inspect the remaining 130 sites.
3	Altogether Better Council	The Council may be liable to legal challenge if a single status agreement is not implemented in full.		The project to bring this risk to an acceptable level will be completed by April 2012.
4	Altogether Wealthier	The loss of Area Based Grant funding results in the CDP failing to narrow inequality and deprivation gaps.		An action plan for County Durham Partnership is in place. This will remain a significant risk for at least the next 4 years.
5	Altogether Better Council	Insufficient number of adequately skilled staff to maintain the expected level of services.		Plans will be in place outlining the policies that will be required to ensure succession planning. This is a long term goal, and will be considered after the unitisation of Human Resources has been completed.
6	Altogether Better Council	Potential claw-back from MMI (former insurers) under the Scheme of Arrangement (SOA).	Likelihood increased	Dependent on the Supreme Court ruling due early 2012.

Ref	Corporate Theme	Risk	Direction of Travel	Anticipated date when risk will be at an acceptable level
7	Altogether Better Council	If the fundamental recommendations in the Annual Governance Report (AGR) are not addressed this will result in continued problematic closure of accounts.	New risk	This will be addressed in line with the target dates of the action plan.
8	Altogether Better Council	Potential restitution of land charge search fees back to 2005.		Dependent upon the outcome of the negotiations/litigation currently being defended by lawyers instructed in group litigation
9	Altogether Better Council	Industrial Action arising from the period of significant change will adversely impact service delivery.	Likelihood increased	
10	Altogether Better Council	Increased demand for Housing Solution Service beyond current staffing capacity due to changes in Government Welfare legislation.	New risk	

Consultation

Our plans are informed by results from consultation and the council has strived to obtain opinion and feedback from customers and the public to assist us in making sure that we provide the services that people need. A major face-to-face doorstep survey of residents was carried out in 2010. This is one of the largest surveys of its kind ever to have been undertaken in County Durham. Data from this survey has provided a valuable insight into the perceptions of residents. The sample size is sufficiently large to provide segmented data down to Area Action Partnership (AAP) level and is capable of being analysed across different demographic characteristics such as age. Results demonstrate that residents' top 5 priorities for improvement are activities for teenagers, levels of anti-social behaviour, improving job prospects, reducing levels of crime and cleaner streets.

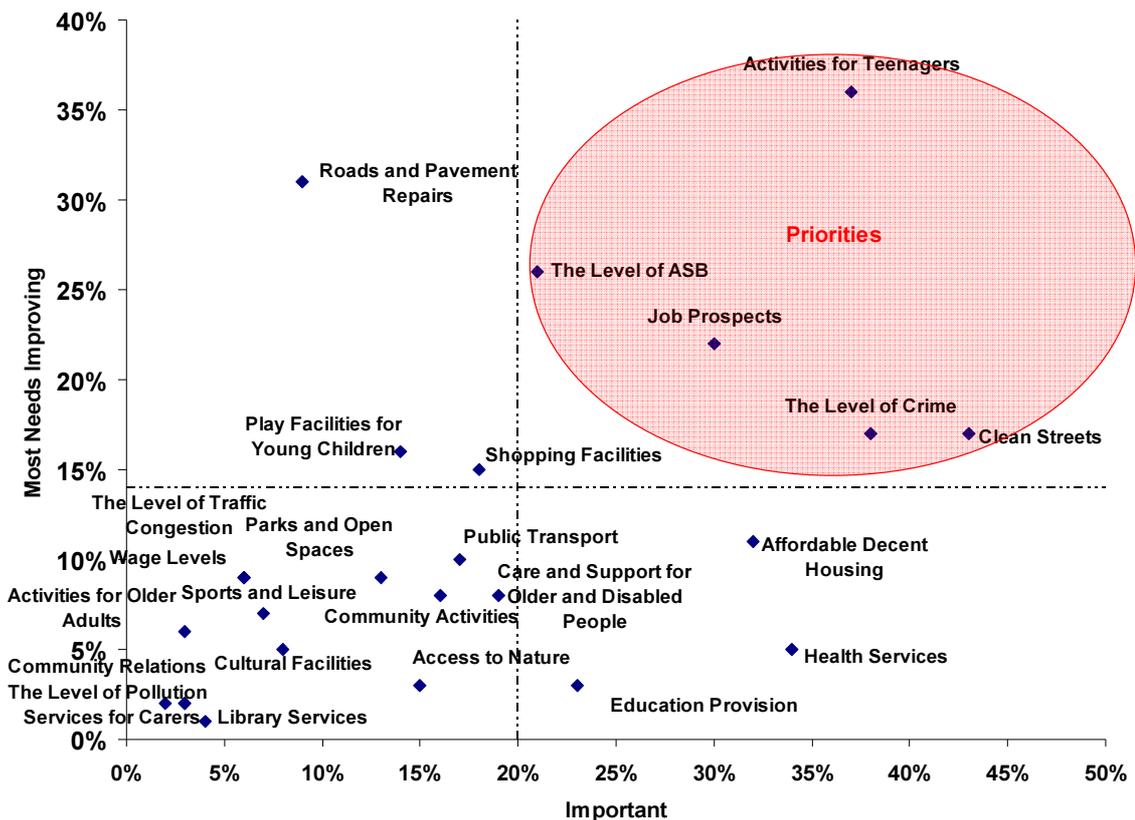


Figure 1 - Residents' Survey 2010: Priorities

Detailed consultation was also carried out on the MTFP during November and December 2010 using Area Action Partnerships (639 participants), an online survey (534 participants) and a postal survey (233 participants). The aim of this consultation was to determine areas where respondents felt there should be larger or smaller budget reductions over the term of the MTFP. Residents were asked to consider a comprehensive list of council service areas where we exercise an element of control over future resourcing decisions (i.e. excluding Direct Grants to schools and Benefits Payments). For the 35 service areas listed, respondents were asked to indicate whether the council should apply a standard reduction of say, 25% over the next 4 years or whether the level of reduction should be smaller or larger. Residents were asked for a balanced response so that if they suggested a larger reduction for one area then they should also identify a service of a similar size where a smaller reduction should be put forward. Analysis of the results show a clear indication that residents would prefer the following services to be protected:

- (a) Winter maintenance
- (b) Repairs to roads and pavements
- (c) Adult care services
- (d) Child protection/adoption/fostering
- (e) Refuse
- (f) Community safety and tackling crime and disorder
- (g) Youth offending

(h) Youth centres and youth workers

(i) Supporting people

Similarly, there was a clear indication that residents would be prepared to 'pay' for the protection to these services by agreeing to reduce the following services:

(a) Resources

(b) Policy, improvement and scrutiny

(c) Planning

(d) Communications

(e) Members' locality budgets

(f) Arts, cultural services and museums

(g) Area Action Partnerships – Area budgets

(h) Home to school/college transport

(i) Road safety

(j) Adult education

(k) Connexions

The Budget Consultation provided clarity on which services the public would prefer smaller and larger reductions to be made and this has been used to model savings targets.

Analysis of consultation results data from the residents' survey and the MTFP consultation overleaf demonstrates the continued relevance of the council and County Durham Partnership's priority themes as a framework for our plans.

Priority Theme	Key Consultation Findings
Altogether Wealthier	Job prospects identified as one of the five priority issues in the Residents' Survey
Altogether Better for Children and Young People	Activities for teenagers identified as the top priority in the Residents' Survey
Altogether Healthier	Adult Care Services identified as one of the top three service areas for protection in the Budget Consultation
Altogether Safer	Levels of anti-social behaviour and levels of crime were two of the five priorities identified in the Residents' Survey
Altogether Greener	Winter maintenance and repairs to roads and pavements identified as two of the top three service areas for protection in the Budget Consultation
Altogether Better Council	Back office/support services consistently recognised in the Budget Consultation as areas to be considered for larger reductions

Consultation with Area Action Partnerships in the autumn of 2011 re-confirmed these priorities.

Performance and Efficiency

Performance is managed corporately through Cabinet who consider quarterly performance management reports. Comparison with other local authorities, inspection findings, deterioration in performance or failure to meet targets all act as drivers to prompt managers to develop plans to address current performance issues. Two examples of where poor performance in comparison with other councils is driving proposals for change are payment of invoices to suppliers within 30 days and the average time taken to process all new claims and change events in housing and council tax benefits. These issues are being addressed through plans to move to single systems (or unitisation) for both financial management and revenues and benefits alongside other improvement measures.

The Authority also received a number of external inspections of its services in 2011/12. Each inspection report contains a number of recommendations for improvement and the council responds to this by producing an action plan which details how and when we will take up these recommendations. These action plans are integrated into our service planning arrangements.

A key external inspection was the annual performance assessment of local authorities responsible for the provision of adult social care conducted by the Care Quality Commission. Judgements are made against seven outcomes from the Department of Health's White Paper, *Our Health, Our Care, Our Say*. 2009/10 is the final time that the Care Quality Commission will publish these judgements. The Government has published a new vision for adult social care and is currently consulting on a new outcomes framework for the sector. It is pleasing to note that in the final year of the current inspection regime, the council received its best ever rating of an excellent assessment, having been judged to be performing well in previous years.

Ofsted carry out an annual assessment of children's services. This annual assessment is derived from the performance profile of the quality of services and outcomes for children and young people in the county. It includes findings from across Ofsted's inspection and regulation of services and settings for which Durham County Council has strategic or operational responsibilities either alone or in partnership with others, together with performance data from the relevant indicators. In 2011, children's services in Durham County Council were judged to be performing well. This is an improvement from the 2010 score where Ofsted judged Durham County Council to be performing adequately.

Table 3 - Annual children's services assessment, December 2010 (Ofsted)

4	Performs excellently	An organisation that significantly exceeds minimum requirements
3	Performs well	An organisation that exceeds minimum requirements
2	Performs adequately	An organisation that meets only minimum requirements
1	Performs poorly	An organisation that does not meet minimum requirements
Durham County Council children's services assessment 2011		Performs well (3)

An action plan is in place to address areas for development.

The council was inspected by OfSTED and CQC under new arrangements for Safeguarding and Looked After Children Services in November 2011. The inspection assessed the effectiveness of the County Durham Children's Trust and local children's organisations to determine whether their policies and practices comply with statutory requirements and guidance. A key feature of this inspection was an assessment of how well agencies and professionals work together to identify, safeguard and promote the welfare of potentially vulnerable children and young people in the county. Overall OfSTED rated County Durham's Children's Services as 'outstanding'. They judged the overall effectiveness of our safeguarding services to be outstanding; our capacity to improve these services is also described as outstanding. The overall effectiveness of our services for looked after children is described as good; and our capacity to improve our looked after children's services is judged as outstanding. This means that Durham County Council is only the second local authority area in the country to be graded as outstanding overall for safeguarding and no other local authority area in the country has received an outstanding overall for children's services. Out of the 92 reports published to date only one other area has achieved grades as high as County Durham.

The Authority has also had a number of successes including:

- Overall satisfaction with the council is at 78% which is an increase of 37% from pre-local government reorganisation and 5% higher than the national benchmark group.
- There has been a 25% increase in residents who feel that the council provides good value and a 15% increase in residents who feel that they can influence decisions affecting their local area.
- It is the ninth year in succession that GCSE examination results have shown an improvement. Durham is also higher than the national average.
- The council's Waste Team won the Association of Public Service Excellence Best Service Team award
- Durham Heritage Coast Partnership won the UK Landscape Award 2010 and represented the UK in the European Landscape Awards in March 2011
- Killhope Lead Mining Museum won the North East Tourist Awards small attraction of the year
- Durham City Tourist Information Centre won the Gold North East Tourist Information Centre of the Year Award and Stanhope Tourist information centre won the Silver award.
- Adults, Wellbeing and Health won the Great British Care Award for Care Innovator/Support and Recovery
- The Youth Offending Service has won a Children and Young People Now award for their work with pre-reprimand disposals (prevents young people entering the criminal justice system) and has been shortlisted in the LGC Awards
- 10 Green Flag awards have been given to parks and open spaces around the county by the Keep Britain Tidy group
- The Corporate Communications Team's Open Doors initiative has won the best internal communications campaign from the Public Services Communications awards
- The Council was successfully reassessed as an Investor in People.
- The It's Up 2 U participatory budget project for Stanley Area Action Partnership has been highlighted by the National Participatory Budget Unit as 'the best in England'.

- National Home Improvement Council award for the use of photovoltaics on a retrofit scheme as part of the Craghead Regeneration Project
- Chartered Institute of Public Relations award finalist for a new approach to council newspapers.
- Durham County Council has been shortlisted for seven prestigious Local Government Chronicle awards including the overall 'Council of the Year' award.

The council will monitor progress towards the achievement of its priorities through quarterly reporting to Cabinet and its Scrutiny Committees of key measures contained within a corporate basket of performance indicators detailed in Appendix 1.

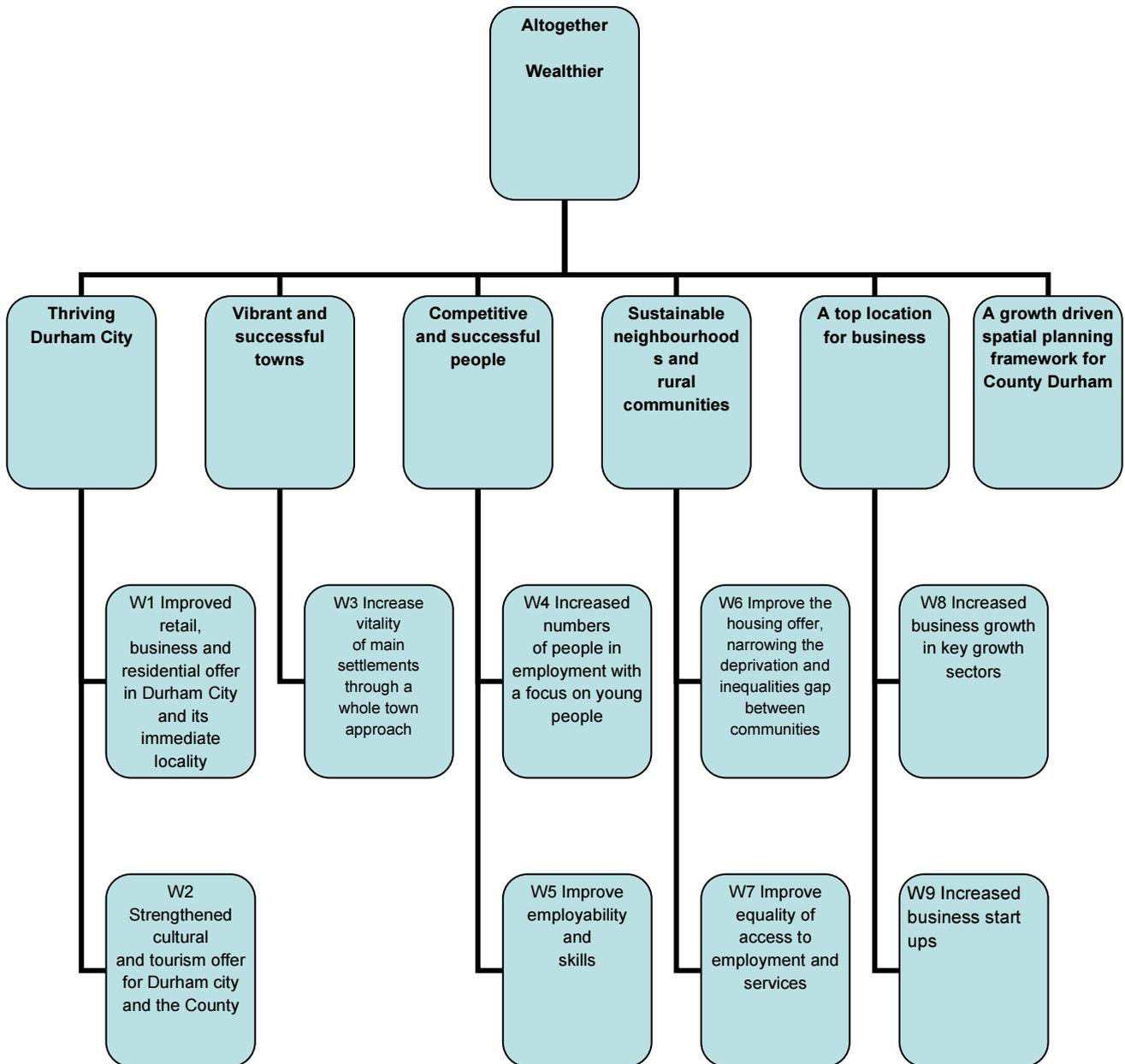
Equality and Diversity

Equality is at the heart of our planning processes. The council's main policy document on equalities is the Single Equality Scheme which was approved by Cabinet in 2010. This replaced separate equality schemes for race, disability and gender and was extended to cover religion and belief, sexual orientation and age in line with the Equality Act 2010.

All proposals for achieving savings within the Medium Term Financial Plan have undergone a rigorous equality impact assessment process and other changes to services and policy developments are subject to impact assessment too.

Equality actions are included in both Council and Service Plans which are performance managed and reported on as part of the overall corporate process.

Altogether Wealthier



Within the council’s Altogether Wealthier priority theme, we are focusing our efforts on creating a vibrant economy and putting regeneration and economic development at the heart of all our plans. In comparison with the region and nationally, County Durham’s economy is underperforming. To help address this issue, we have identified 6 objectives set out above and in our Regeneration Statement, which we aim to achieve. Over the next four years, we will strive to deliver a step change in the local economy within a time of financial constraints and significant policy shifts nationally.

The principal driver of an economic renaissance within the county is the employment rate; for improving this will increase levels of disposable income, increase the number of businesses, and should as a result begin to reduce the chronic levels of relative deprivation that the county has experienced now for several decades. As a

county we need to aim to achieve a net increase of 28,300 jobs over the next 20 years, through inward investment, company growth and business creation.

Improved educational attainment and skills for the population of County Durham will also contribute to economic prosperity and improve people's quality of life. Participation in cultural events and activities is also vital to promote vitality and attract tourism, although it is acknowledged that this is a challenge for the council in the current economic climate.

1. Thriving Durham City

At the heart of the North East, Durham City is a hub of economic and cultural activity and stands out as a key economic driver to the county and region. The city has enormous untapped potential and will deliver a significant share of a step change in the growth of the region and the largest contribution from the county as a whole. The city needs a critical mass of employment, population and visitors to build on the assets already inherent to become a city of regional, national and international significance.

We aim to make the most of Durham and what the city has to offer in terms of economic potential which must be fully exploited to support the growth of County Durham's economy. By maximising the development opportunities of the city we will help to stimulate retail, business and housing growth, which will lead to job generation and increased confidence. Durham city offers the potential to boost tourism performance across the entire county which will improve this key sector's performance when compared with other sub-regions in the North East and comparable areas elsewhere in England.

Going well

- Brass: Durham International Festival was held in July 2011.
- The National Railway Museum at Shildon was named the Best Free Venue in the UK in the 2010 Rough Guide to Accessible Britain Awards.
- Killhope Museum was awarded a Gold Award at the North East England Tourism Awards.
- Completion of the market place redevelopment scheme providing space for events.
- Durham Cathedral is one of the region's top ten attractions, receiving more than 600,000 visitors per annum.
- Approximately 150,000 people attended the Lumiere Festival over four days in November 2011.
- The three Park and Ride sites in Durham City continue to show year on year increases in use.
- The extension to the Belmont Park and Ride site has been completed.
- The World Heritage Centre visitor site was completed ahead of schedule.

Cause for concern

- The economic climate is making it difficult for the private sector to invest in schemes in the city.
- High Street retailers have been hit by the recession with some firms ceasing trading. This has affected the number of top 23 retailers nationally within Durham City Centre, currently 15 of the top 23.

Did you know?

- 56,138 people attended the BRASS festival events in 2011.
- For the 2011 Lumiere festival in Durham, special artwork was created locally and by artists in Torun (Poland) and Tallinn (Estonia) and will feature in the Olympics.
- Durham has been voted the top city in England and the second best city to visit in the UK in a national poll of Guardian and Observer readers.
- The Durham Book Festival provided over 60 events in October 2011 including best-selling authors, poetry readings and writers in conversation about science, food, the military and politics.
- Durham County Council is responsible for maintaining 6,000 council homes in and around Durham city.
- There are in excess of 1000 houses in multiple occupation within the Durham City Area.

Look out for:

- The Olympic Torch will arrive in County Durham on 16th June 2012 and stay overnight in Durham city – there will be special events throughout the route to celebrate the historic occasion.
- The Durham Book Festival and BRASS: Durham International Festival in 2012.
- Plans for Aykley Heads.
- Driver information project helping drivers to plan journeys across the city.
- Development on the Freeman's Reach site (former ice rink site).
- New lighting will be installed to illuminate Durham Castle and Durham Cathedral during 2012 and 2013 respectively.

High level Action Plan

Action	Responsibility	Timescale
Undertake transport modelling work for the Northern and Western Relief Roads and develop a delivery and funding plan	Head of Transport and Contract Services	December 2012
Prepare for and deliver key regeneration and housing projects in the city to stimulate investment and maximise job opportunities:	Head of Economic Development & Housing	March 2016
<ul style="list-style-type: none"> • Aykley Heads: <ul style="list-style-type: none"> - Planning application for phase one (Police HQ) in Sept 2012 		Sept 2012
<ul style="list-style-type: none"> • Freemans Reach, former ice rink: <ul style="list-style-type: none"> - Planning submission July 2012 - Development of Hydro Energy Centre 		July 2012
<ul style="list-style-type: none"> • Millennium Square, Gala Theatre city centre: Implement Investment Package 		June 2013

<ul style="list-style-type: none"> • North Road, Durham City: Following development brief to test market EOIs; Report back to Cabinet 		Sept 2012
<ul style="list-style-type: none"> • Determine a solution for flood mitigation measures that are required for various development sites in Durham City: <ul style="list-style-type: none"> - Design of scheme - Planning permission granted 		April 2014 April 2015
<p>Increase the number of tourists in Durham City by supporting existing attractions, accommodation providers and new tourism businesses:</p> <ul style="list-style-type: none"> • Development and delivery of new signature events such as the Lindisfarne Gospels 	Head of Economic Development & Housing	March 2016 June – Sept 2013
<ul style="list-style-type: none"> • Facilitation and support to the delivery of a family based tourist attraction in the City of Durham 		
<p>Contribute to the implementation of the Cultural Strategy and support the development of the County Durham Cultural Partnership by:</p> <ul style="list-style-type: none"> • Using high profile projects such as BRASS: Durham International Festival and the Durham Book Festival to increase engagement in and satisfaction with cultural activities • Continuing to increase opportunities for volunteering within heritage and cultural settings to enable people to gain transferable skills to increase employability 	Head of Adult Commissioning	March 2013 March 2013 (Baseline to be set 2011/12)
<p>Deliver key Durham City transport initiatives to improve accessibility within and through the City:</p> <ul style="list-style-type: none"> • Driver Information project - Extension of the project including further web system development, additional traffic monitoring cameras and real time road side information signs implemented • Continue to implement the Transit 15 bus corridor improvement programme within Durham City 	Head of Transport and Contract Services	March 2016 March 2014 Up to 2013

2. Vibrant and successful towns

Vibrant towns are good for business: they create jobs, attract investment and generate income - they are engines for economic growth. At their best, they create a discernable local buzz and define the wider area, attracting people from near and far. County Durham has a dispersed settlement pattern with a large number of distinct towns, not all of which are meeting the needs of local communities. We need to increase the vitality and vibrancy of main settlements through the adoption of a 'whole town approach' for each main settlement and phased delivery of improvement. This 'whole town' approach will be specific to each settlement and will deliver tailored solutions for each place depending on its needs and service potential for its locality. We aim to create places that are attractive, well managed, well designed with a range of amenities and facilities for that given community.

A library strategy will be agreed by the council so that there is a sustainable network of town and community libraries in County Durham.

Going well

- The DurhamGate development is progressing well.
- The Heritage Lottery Fund has granted £1.9m funding for the Heart of Teesdale Landscape Partnership.
- Regeneration Frameworks have been completed for Consett and Ferryhill/Chilton.
- There has been an increase in the proportion of properties in Council Tax Band D or above.

Cause for concern

- Planning applications continue to reduce due to the ongoing economic climate.
- Since 2008 and due to the recent recession, the number of vacant retail units in town centres has increased.

Did you know?

- Major work has been undertaken by the council and partners to support investment in Barnard Castle leading to the redevelopment of the Witham centre and a wider range of works across the town centre.

Look out for:

- Regeneration frameworks for each town centre which will show what the council and partners are planning to do to invest in the redevelopment of town centres and surrounding areas. These are being prepared and each will be published once complete.
- Further proposals for the railway station in East Durham.
- New customer access points in town centres such as the ones at Seaham and Consett
- A new library strategy for County Durham.

High level Action Plan

Action	Responsibility	Timescale
Maintain the county's historic/listed highway bridges in line with the programme for 2012/13 <i>Note: Schemes to be confirmed when programme developed</i>	Head of Technical Services	March 2013
Complete a review of markets managed by or on behalf of the Durham County Council and develop a strategic approach to enhance and support the sustainability of markets across the county	Head of Environment, Health & Consumer Protection & Head of Economic Development	October 2012
Develop a harmonised Street Trading Policy to create a street trading environment which complements premises-based trading, is sensitive to the needs of residents, provides diversity and consumer choice and seeks to enhance the character, ambience and safety of local environments	Head of Environment, Health & Consumer Protection	December 2012
Deliver phased implementations of the key town Regeneration Frameworks including:	Head of Economic Development & Housing	March 2016
<ul style="list-style-type: none"> Resolve the position with Festival walk, Spennymoor, Head of Economic Development and Housing, April 2012 		April 2012
<ul style="list-style-type: none"> St Johns Square, Seaham; Completion of Public Realm works 		June 2012
<ul style="list-style-type: none"> Physical improvements enhancing links to Clifford Road and the Academy 		October 2012
<ul style="list-style-type: none"> Deliver the redevelopment of Witham Wall, Barnard Castle 		March 2013
<ul style="list-style-type: none"> Support major retail development at Queen Street, Crook 		December 2013
<ul style="list-style-type: none"> Shop front improvement scheme in Consett 		December 2014

<ul style="list-style-type: none"> • Agree the design and plan for a railway station in East Durham on the Durham Coast Railway 	Head of Transport and Contract services	December 2012 for completion December 2015
Implement capital improvement schemes from the Local Transport Plan to improve accessibility between our main towns	Head of Transport and Contract Services	December 2015
Implement the Library Strategy in line with agreed actions and priorities to ensure a sustainable service for the future	Head of Social Inclusion	31 March 2014

3. Competitive and successful people

The skills, abilities and attitudes of the current and future County Durham workforce are critical to the future economic success of the county and will underpin a more competitive and productive economy. County Durham has below national average employment levels, above regional and national average economically inactive residents claiming benefits and below regional and national average higher skills attainment. We need to encourage people to improve their skills, increasing individual success and improving life chances. With limited resources we will work with partners, national employability support providers and employers to provide support for County Durham residents.

Going well

- 92% of people enrolled on adult learning courses leading to a qualification were successful in the academic year 2010/11.

Cause for concern

- 15% of working age adults have no qualifications, which is above both the regional and national averages.
- 30% of the working age population in County Durham is qualified below Level 2 (equivalent to GCSE) which is worse than the UK average of 26%.
- Youth unemployment is getting worse; there are currently more than 5,000 residents aged 18-24 claiming Job Seekers Allowance (JSA).
- Overall numbers of JSA claimants are on the increase, possibly as a result of reduced funding.
- County Durham has a higher proportion of the population claiming out of work benefits such as Employment Support Allowance and Incapacity Benefit than the regional average.
- Changes to the benefit system might have a significant impact on residents in the County.

Did you know?

- The County Durham Adult Learning and Skills Service covers a wide range of courses which can help people to gain a recognised qualification, help adults to learn new skills or simply encourage people to take part in local community learning activities.

- Last year, the council helped to prevent 836 individuals from becoming homeless.
- The 2011/12 Future Business Magnates competition was launched in November 2011 with 24 of the County's secondary schools participating.
- Derwentside Training has been commissioned within the Government's Work Programme to assist people gain the skills they need to find work.
- We are finding 150 apprenticeships in 2012/13.
- One in three of all job seekers allowance claimants in the County are aged 18-24

Look out for:

- Level 2 and 3 qualifications will be provided for 19-25 year olds who currently do not have this level of qualification, through a pre-Apprenticeship and Apprenticeship programme.
- Training support for the unemployed will be delivered through a programme focused on employability skills, which will include referrals through JobCentre Plus.
- Literacy and numeracy training will be delivered through a dedicated skills for life programme which will also link into Apprenticeship programmes across the county.
- Future Business Magnates competition in 2012
- A future competition developed by local businesses and schools in County Durham

High level Action Plan

Action	Responsibility	Timescale
Respond to the findings of Adult Learning's Ofsted inspection in 2012	Head of Social Inclusion	March 2013 (depending on inspection timetable)
Work with employers to maximise training, job placement, graduate schemes and apprenticeships	Heads of Economic Development & Housing	March 2016
<ul style="list-style-type: none"> • Develop a Business, Enterprise and Skills Strategy for County Durham 		September 2012
<ul style="list-style-type: none"> • Through a European funded project support 1265 residents and programme 316 into work 		December 2014
Support young people aged 18-24 into employment, education or training	Heads of Economic Development & Housing	March 2016
<ul style="list-style-type: none"> • Develop an Apprenticeship Strategy and Action Plan 		April 2012
<ul style="list-style-type: none"> • Deliver an apprenticeship scheme to assist 150 residents start an apprenticeship in local businesses 		March 2014

4. Sustainable neighbourhoods and rural communities

Deprivation and inequalities persist between communities in County Durham and between County Durham, the region and the nation. Industrial restructuring and job losses in manufacturing had disproportionately affected some communities and groups within the county. The county's dispersed settlement pattern, low car ownership, low job density and rurality can compound deprivation and inequalities. This can have damaging effects upon an individual's life chances in a number of ways:

- A shortage of local jobs can limit employment opportunities
- Poor transport connectivity can limit access to work and services
- Deprived areas often have fewer or poorer quality public and private services
- Poor housing quality can result in low demand which in turn leads to high turnover and/or vacant or derelict housing.

Going well

- Public transport connectivity improvements as part of the Transit 15 programme are progressing well
- The number of private sector properties improved as a consequence of local authority intervention has increased
- Housing Stock Options appraisal for Durham City Homes is progressing as per the project plan
- Decrease in the number of homeless presentations

Cause for concern

- Affordable house numbers continue to be low across all areas in the county.
- The numbers of housing units completed remains low across all areas in the county.
- The percentage of non-decent council homes has shown improvement in the last year, but there are still approximately 33% of properties classed as non-decent
- Bus operators are finding it increasingly difficult to run some bus services in the county.
- Proposals included in the Welfare Reform Bill will have major implications for County Durham.
- As a result of the Welfare Reform Bill it is anticipated that the level of homelessness will increase.

Did you know?

- The government's official measure of deprivation published in 2010 showed that the county had become slightly less deprived overall since it was last published in 2007.
- The council works with partners to support residents to get on the property ladder

through affordable housing schemes for new homes and schemes to offer mortgage support. We also negotiate with developers to try and make sure there is a provision of affordable homes wherever possible or required.

- The council runs a national scheme in the county to help residents become more energy efficient through better home insulation.
- 45% of the County's population live in the 30% most deprived areas in the County.
- The Housing Renewals team have helped 2183 owner occupied homes to be made energy efficient through better insulation.

Look out for:

- The development of neighbourhood plans to support the County Durham Plan.
- The Publication of the County Durham plan with housing allocations across the county.
- Acquisition and demolition schemes at Wheatley Hill and Thornley by Dec 2012.
- Group repair and Environmental Improvement Scheme at Craghead throughout 2012.
- Acquisition and demolition at West Chilton in 2013.
- An acquisition and demolition scheme at Esh Winning in 2014.

High level Action Plan

Action	Responsibility	Timescale
Through the Community Action Team (CAT) deliver a programme of targeted interventions around environment, health and consumer protection	Head of Environment, Health & Consumer Protection	September 2014
Complete planned public transport improvements on the 7 key corridors to improve punctuality, reliability and attractiveness of bus travel	Head of Transport and Contract Services	December 2012
Maximise the level of investment from the HCA and other agencies to enable the delivery of the four year (2011-2015) programme of funding for affordable housing in Durham	Heads of Economic Development & Housing	March 2014
Implement the preferred option for the future management and investment of the council's housing stock	Heads of Economic Development & Housing	April 2013
Implement the Private Sector Housing Strategy and deliver the associated capital programme for Private Sector Housing Renewal	Heads of Economic Development & Housing	March 2014

5. A top location for business

County Durham is home to a wide range of businesses from micro rural businesses to large multinationals, from small scale engineering to large scale manufacturing and from business services to internationally leading research companies. The county offers businesses a range of support and development opportunities and these must be sustained and developed to serve the diversity that exists. Durham residents are well placed to take advantage and contribute to the Tees Valley and Tyne and Wear City Regions but this also has to be balanced with local business and employment opportunities.

Going well

- Hitachi's announcement that they intend to open a factory at Heighington lane (Newton Aycliffe) is a major boost to the local economy.
- A 3 year refurbishment programme of council business sites is underway.
- The Consett Business Park development is underway.
- Broadband Delivery UK announced a grant of £7.79m for highspeed broadband for homes and businesses in the county.

Cause for concern

- Business start-ups through public support are falling significantly as funded programmes have come to an end and the recession is making it hard to start a business.
- Reduction in government grant making it difficult to support new businesses such as had been undertaken through the Be Enterprising Programme.

Did you know?

- The council owns 370 business units across the county which totals just over 700,000 square foot of lettable floor space.
- Our largest two business centres are Derwentside Business centre (61,000 square foot) and Tanfield Lea (almost 28,000 square foot).

Look out for:

- The Durham Net Fibre Installation Programme which will improve infrastructure for delivering broadband to local business and public amenities
- Preparation by Hitachi at the Heighington Lane site for new employment opportunities .

High level Action Plan

Action	Responsibility	Timescale
Building on the Olympic legacy, work with partners to develop a Durham Institute of Sport to support world class performance, coaching and officiating	Head of Sport & Leisure Services	March 2013
Support delivery of a corporate events programme that raises the profile of County Durham as a destination	Head of Sport & Leisure Services	March 2016
Facilitate and expand broadband connections for our residents and businesses to encourage home working in rural communities	Head of ICT/Head of Economic Development and Housing	March 2013
Manage the Council's business and employment sites/property to stimulate investment and enable other sites to be appropriately developed and promoted	Head of Economic Development and Housing	March 2016
Promote NETPark as a flagship location for the university and private sector investment and collaboration	Head of Economic Development and Housing	March 2016
Actively promote the County as a destination to live, work and invest	Head of Economic Development and Housing	March 2016

6. A growth driven spatial planning framework for County Durham

Durham County Council is responsible for the production of a Local Plan for the Local Authority area. Work started on a new plan before Local Government Reorganisation (2009) and has involved the detailed consideration and analysis of extensive evidence bases and consultation with communities and groups with specific interests. The proposed plan (known as 'The County Durham Plan') is due to be considered at an Examination in Public in 2013 once all consultation has been completed and suitable amendments have been made.

Going well

- Successful consultation has continued during 2011/12 on different elements of the County Durham Plan including Green Belt land, Housing Allocations and a 'Policy Directions' summary of how the plan has changed and what the key themes are to date.

Cause for concern

- The government recently (Summer 2011) released a draft national Planning Policy Framework which sets out proposed changes to the Planning system in the UK, this may have an effect on the timescales for the completion and agreement of the County Durham Plan and may cause the plan to be delayed slightly if the format or scope of the plan need to be changed.

Did you know?

- The County Durham Plan is the most important strategic document the council produces after the Sustainable Community Strategy. The plan affects everyone from those who currently live in the county, those who travel here to work and even those who haven't even been born yet! It sets the direction for how the council can determine how many houses are required, what quality and standards we expect from new development or changes to the built and natural environment, and where businesses can expand or locate amongst many other aspects of life in County Durham

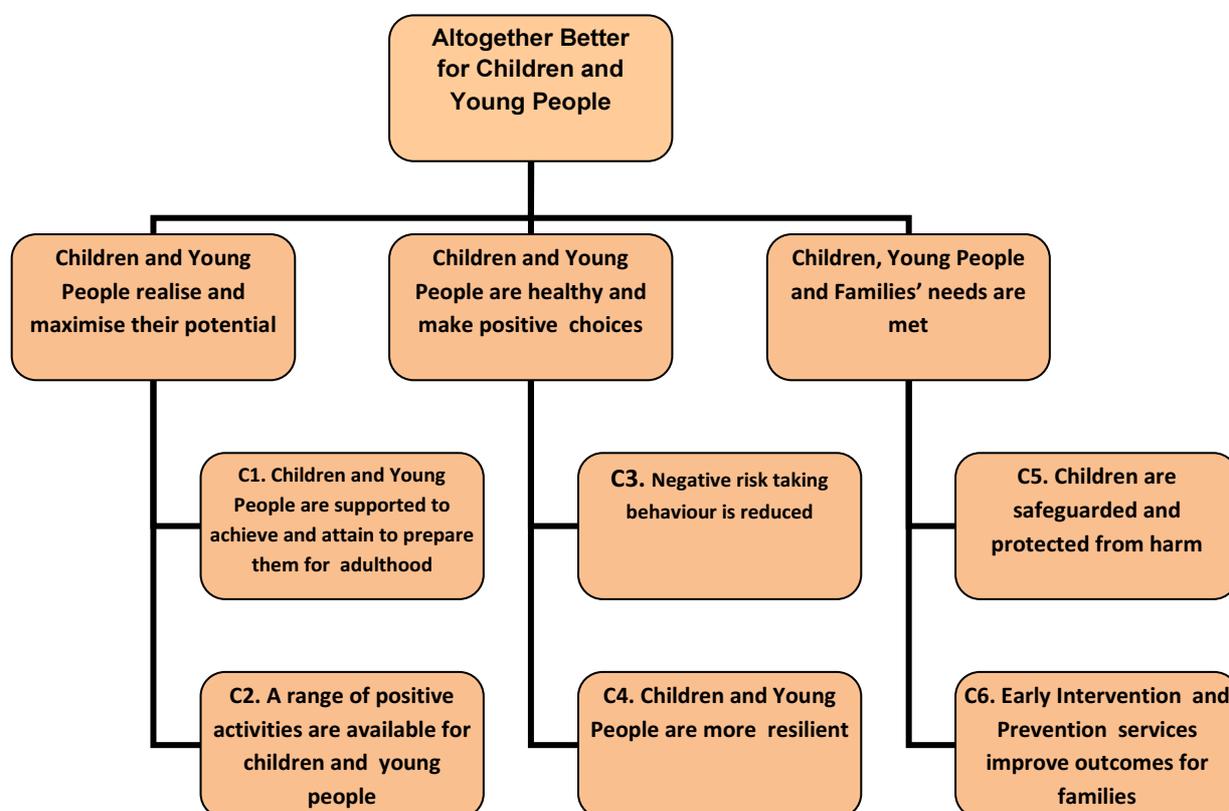
Look out for:

- Housing allocations across the county for the next twenty years
- Proposals for the green belt in Durham City
- The examination in public where a government inspector will decide whether we can adopt our County Durham Plan
- Developments with Neighbourhood plans where communities can have a further say in the implementation of the County Durham Plan.

High level Action Plan

Action	Responsibility	Timescale
Successful consultation and completion of the County Durham Plan	Head of Planning & Assets	July 2014

Altogether Better for Children and Young People



The Altogether Better for Children and Young People theme focuses on the Council's work in tackling a range of issues impacting on the lives of all children, young people and families in County Durham. Following a complete refresh of the Children, Young People and Families Plan (CYP&FP), which is the strategic multi-agency plan, the focus is now on the 'causes' (meaning the reason) rather than the 'effects' (meaning the result/outcome).

The CYP&FP now has 3 areas upon which we will focus: 'children and young people realise and maximise their potential'; 'children and young people are healthy and make positive choices'; and 'children and young people and families needs are met'. Beneath these are specific issues we will tackle over the coming years as we believe that achieving success across these areas will have the most impact on what we want to achieve for children and young people in County Durham.

We recognise that the things which impact upon the lives of children, young people and families are complex and demand a partnership approach and we have developed the One Point, integrated service with partners to take forward our strategy.

We will listen to and work with children young people and families to formulate our plans and we will ensure our ambitions for children, young people and their families are realised over the next 4 years.

1. Children and Young People realise and maximise their potential

We want to ensure that children and young people in County Durham are supported and encouraged to be the best that they can be no matter what their dreams are.

We want to ensure that children and young people are able to thrive in the environment in which they live and learn in order to achieve their very best. We will offer support if this environment is not helping them to reach their potential. We believe in supporting achievement, raising aspirations and instilling a belief that children and young people can achieve. This will lead to greater choices throughout childhood, teenage years and on into adulthood and future employment.

We need to ensure this commitment is sustained for all children and young people, including the most vulnerable to ensure they are appropriately supported in relation to their own needs.

We also want children and young people to enjoy their lives and have a greater quality of life by taking part in activities that they enjoy and that interest them. Having a range of activities available for young people and their families can positively impact on a number of priorities such as maintaining a healthy weight, improving educational attainment, improving emotional wellbeing, reducing anti social behaviour and improving self confidence.

Our key priorities for 2012-16:

- ✓ Children and young people are supported to achieve and attain to prepare them for adulthood.
- ✓ A range of positive activities are available for children and young people.

Going well

- GCSE attainment has improved for the 10th year in a row with 87.9% of pupils achieving 5 or more A*-C GCSEs and 59.9% achieving 5 A*-C's including English and Maths which is higher than our statistical neighbours (56.3%) and nationally (58.3%).
- In 2010/11 academic year, 13.6% of looked after children achieved 5 A*-C GCSEs including English and Maths against the target of 12%. This was an improvement on the previous year.
- The attainment gaps have narrowed in 2010/11 for: the lowest achieving 20%, the Early Years Foundation Stage Profile and the rest; Gypsy, Roma & Traveller pupils at KS 2 and KS 4; Free School Meals at KS 2 and KS 4; and pupils with Special Education Needs at KS 2.
- The secondary school persistent absence rate continues to decrease year on year.
- 'The September Offer' seeks to ensure that all year 11 and 12 students have an appropriate offer of education or training. Targeted work has been progressing over the summer to secure an appropriate place in education or training for those without an offer.

Cause for concern

- The proportion of young mothers and care leavers in education, employment and training has decreased.
- The attainment gap widened at KS 4: for pupils with Special Educational Needs; between boys and girls; and for children in the 20% most deprived areas and the rest.
- The number of permanent exclusions increased from 107 in the 2009/10 Academic Year to 109 in 2010/11.
- The impact of the current economic climate on future opportunities for children, young people and their families such as lifestyle choices and employment opportunities.

Did you know?

- We provide education for up to 100,030 children and young people aged 0-17 living in County Durham in 287 schools: 228 Primary, 36 Secondary, 12 Nursery, 10 Special and 1 Pupil Referral Unit (PRU).
- In addition to the Teenagers to Work programme we have an extended programme offering young people 1 day per week work placements alongside their college placement to gain employability schemes.
- The European Social Fund 'Youth Participation' project has supported 1150 young people to date. Learners have achieved Level 1 and 2 qualifications in literacy, numeracy and employability skills; successfully moved to, or been retained in further learning; found employment or apprenticeships.
- We have 205 public open spaces and play parks across the county, 120 community centres, 39 libraries and 8 swimming baths (plus 14 in schools), over 1,050 sports clubs registered with County Durham Sport and over 1,400 football teams registered with the Durham Football Association.

Look out for:

- A range of out of hours programmes to provide additional qualifications at KS4.
- Confident Schools, Confident Parents programme in schools, designed to improve relationships and provision for children with special educational needs.
- The get out there website (www.getoutthere.info) which is an activity directory for young people in the County Durham area.
- Development of two academies in County Durham (North Durham Academy and Consett Academy).
- The 'Places To Go, Things To Do' Commissioning Strategy which identifies the barriers to children, young people and families accessing activities but also identifies solutions to engagement.

High Level Action Plan

Action	Responsibility	Timescale
Deliver effective support and provision for improving the educational attainment of looked after children by: <ul style="list-style-type: none">• developing the effectiveness and use of the Personal Education Plan (PEP);• delivering a range of programmes to promote self-	Head of Countywide Services	July 2013

<ul style="list-style-type: none"> esteem and confidence; and Providing access to a range of out of hours programmes providing qualifications at KS4. Strengthening the use of data analysis to monitor progress of individual children as well as attainment 		
<p>Work in partnership with schools to implement the BSF process and ensure that schools are completed within planned timescales by:</p> <ul style="list-style-type: none"> undertaking regular meetings involving Local Education Partnership (LEP) representatives, BSF team members and EDS Specialist Inspectors; and Monitoring the progress of each project against planned and published timescales as a standing item at the BSF board. 	Head of Achievement Services	July 2013
Deliver the 14-19 strategy	Head of Achievement Services	September 2012 / 2013 / 2014 / 2015
Develop a Commissioning Strategy for 'Places To Go, Things To Do'	Head of Early Intervention and Partnership Services	June 2012
Develop a Fixed Play Policy and an inclusive Play Strategy for the county that optimises opportunity and access to play facilities.	Head of Sport & Leisure Services	September 2013

2. Children and Young People are healthy and make positive choices

Children and young people will look after themselves and others by making positive decisions about their behaviour.

Risk taking is a normal and healthy part of growing up, however, sometimes taking risks involves engaging in behaviour that leads to poorer or negative outcomes.

In County Durham, we know that negative risk taking behaviour can impact on higher teenage conceptions, higher alcohol and drugs use, youth crime and high obesity levels. This places young people at risk of physical or emotional harm and/or poorer outcomes.

We will continue to provide children and young people with relevant and appropriate information and advice to help them make more informed choices around alcohol, drugs, relationships and sex.

We will also provide support and promote healthy living from an early age, aiming to reduce childhood obesity and ensure that more children maintain a healthy weight. We will provide opportunities and choice for young people to participate in a range of sport, leisure and physical activities.

We also want children and young people to have resilience; children and young people who are able to cope more effectively with difficult situations and bounce back from tough times. Good emotional health and wellbeing is crucial in the development of healthy, resilient children and young people and being resilient often leads to more positive decision making in a person's life, no matter what their age.

Our key priorities for 2012-16:

- ✓ Negative risk taking behaviour is reduced.
- ✓ Children and young people are more resilient.

Going well

- The under 18 conception rate has displayed a sustained downward trend over the period 2006-2009. (Based on 2009 data).
- Obesity levels within the county at reception level have continued to decrease with performance exceeding the set target.
- Positive performance was achieved for the number of First Time Entrants (FTE's) to the Youth Justice System, with a provisional total of 150 recorded during April to September, which is well within the target of 360 FTE's during 2011/12.
- The Youth Offending Service was recently commended for their work in diverting young people from the criminal justice system.

Cause for concern

- Year 6 obesity rates are above the national average.
- Although teenage conception rates are falling they are still a cause for concern in County Durham.
- The ratio of final warnings and convictions of looked after children in comparison to the general population have increased.
- 13% of our 5-16 year old children and young people have a mental health, emotional wellbeing disorder; this is higher than the national average and impacts on educational attainment, absences from school, school exclusions, friendships, physical health and offending behaviours.

Did you know?

- All primary schools have achieved National Healthy Schools Status.
- The Confident Schools, Confident Parents Programme is designed to improve relationships and provision for children with special educational needs. It has been delivered in the majority of schools and is rated highly by both parents and schools. Dissemination of the programme will continue.
- The implementation of the homeless protocol has reduced the number of young people residing in bed and breakfast accommodation and improved access to a wider choice of post-16 provision.
- Stable families, consistent positive parenting, having friends, access to play, doing well in school, developing self control, emotional intelligence, self esteem and confidence are all key to ensuring children and young people experience good emotional well being and creates the basis for securing improved outcomes throughout their lives.
- The multi-agency Pre-Reprimand Disposal (PRD) has contributed towards successfully reducing the number of first time entrants (FTEs) to the Youth Justice System. County Durham Youth Offending Service achieved a reduction of 72%.

Look out for:

- Social norms projects in schools over the next 2 years to affect behaviour change in the following areas: alcohol use, sexual health/teenage pregnancy and smoking.
- Better communication and publication of sexual health services to young people and their parents and/or carers.
- Emotional and Mental Health Workshops in Secondary schools will explore how emotions and mental health can impact on the lives of young people and will highlight the importance of remaining emotionally well.
- Breaks for young carers and their families to take time off from their caring responsibilities and receive recognition of their worth
- Increasing opportunities for victims to take part in work with young people who offend

High Level Action Plan

Action	Responsibility	Timescale
Deliver the healthy child programme and child and family health improvement programmes which contribute to the delivery of the Foundation Trust preventative strategy.	Head of Early Intervention and Partnership Services	December 2012
Gather customer feedback to ensure that the One Point service is valued and accessible to service users and partners, improve service delivery and responsiveness.	Head of Early Intervention and Partnership Services	April 2013

- sharing ASSET information to influence provision of universal and targeted services;
- improving the quality of exit strategies to reduce re-offending;
- implementing and improving CDYOS Offending Behaviour Programmes and evaluating effectiveness; and
- Increasing the use of restorative approaches.

3. Children and Young People and Families' needs are met

We want to ensure that children and young people are kept safe from harm and vulnerable families receive the support that they need at the earliest possible opportunity. Children will be protected from neglect and grow up in a safe environment.

Together with our partners, we will ensure that all children and young people are kept safe from harm and vulnerable families are supported appropriately. Safeguarding and promoting the welfare of children is about protecting children from maltreatment; preventing impairment of children's health or development; and ensuring children are growing up in circumstances consistent with the provision of safe and effective care. We will continue to improve the recognition of neglect and interventions to reduce impact and continue to develop 'hidden harm' networks to support families with parents who misuse alcohol and drugs.

We want to ensure that children, young people and their families are given the necessary social and emotional support at the earliest possible opportunity in order to reach their full potential. Preventing families from becoming vulnerable and enabling them to maximise their life chances is vitally important. The complex issues faced by families who are in need of help often can not be addressed by a single agency but demands a coordinated response, especially those families who have children with additional needs. We will deliver an integrated approach in order to support families to promote positive outcomes.

Our key priorities for 2012-16:

- ✓ Children and young people are safeguarded and protected from harm.
- ✓ Early intervention and prevention services improve outcomes for families.

Going well

- County Durham's Children's Services were rated as 'outstanding' by Ofsted, January 2012.
- The percentage of Children In Need referrals occurring within 12 months of previous referral has decreased from 24.70% in 10/11 to 20.8% in 11/12.
- Despite increased demands for safeguarding services, the percentage of children becoming the subject of a Child Protection Plan for a second or subsequent time has reduced.
- Our services have consistently been rated as 'good' for the quality of safeguarding arrangements.
- All children's homes have been judged as 'good' or 'outstanding' by OfSTED
- Findings from the evaluation of the 2 year Pathfinder Project shows that there has been an 80% reduction in family violence within those families engaged in the project.

Cause for concern

- Increasing number of complex cases requiring a coordinated intervention from a number of services and agencies.
- Young people who drink alcohol are more likely to be behind at school, play truant, become a victim or perpetrator of violence/anti-social behaviour and increase their sexual risk taking (Safe Durham Partnership Strategic Assessment, 2010).
- The Tellus survey (2009/10) shows that in County Durham 13.7% of those surveyed had used drugs or volatile substances and/or been drunk at least twice in the last four weeks.
- Domestic abuse features in half of all child protection conferences undertaken and continues to be the most common factor in all localities.

Did you know?

- Children's services have now been transformed through the creation of One Point integrated services which brings together social care and health services together under single line management.
- During April – September 2011, we delivered a total of 91,677 hours of short breaks and 1135 overnight stays for children who are disabled.
- Approximately 1% of children nationally and in County Durham require support or intervention from our Safeguarding and Specialist Services.
- The number of children on the Children's Network increased to 1028, with 43 new registrations between January 2011 and March 2011.

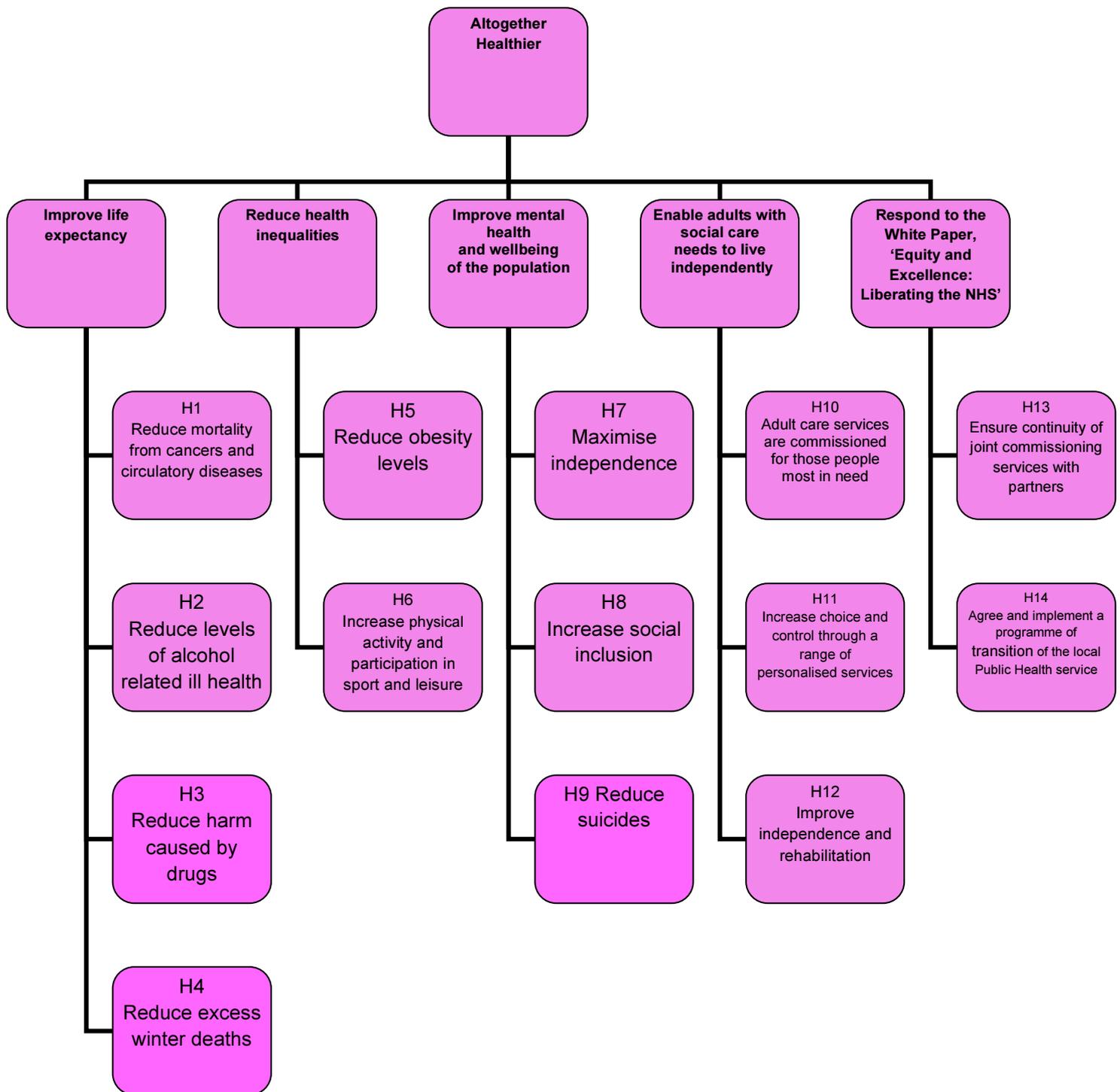
Look out for:

- One Point Hubs operating in your area, pop in and have a look round.
- Development of Area Plans for the One Point Service to communicate intentions and direction of the service.
- Engagement of children, young people and parents in the continued development of the One Point Service.
- Partnership working with the provider market to identify joint funding and commissioning opportunities to support service delivery in line with priorities.
- The Family Pathfinder service has been shortlisted for the Children's Services category in the Local Government Chronicle awards – watch out to see if they win!

High Level Action Plan

Action	Responsibility	Timescale
Gather customer feedback to ensure that the One Point service is valued and accessible to service users and partners, improve service delivery and responsiveness.	Head of Early Intervention and Partnership Services	April 2013
Implement the care planning action plan to ensure that all legislative requirements are fully complied with.	Head of Early Intervention and Partnership Services	March 2013
Review and revise of 'front of house' services in line with revised assessment processes in line with the Munro recommendations.	Head of Safeguarding and Specialist Services	December 2012
Work with partners to deliver a range of interventions to tackle the supply of age restricted products to children and young people, including a programme of enforcement to prevent underage sales of knives, fireworks, paints and solvents, gambling and gaming products	Head of Environmental Health and Consumer protection	March 2013
Complete a programme of intelligence led enforcement initiatives and other interventions to reduce the supply of illicit, counterfeit and age restricted products.	Head of Environmental Health and Consumer protection	March 2013

Altogether Healthier



The vision for health and social care services outlined in the 'Liberating the NHS' White Paper (2010) and the 'Health and Social Care Bill' (2011) signifies a shift in the way health and social care services are to be delivered. The government's health and social care reforms are centred on patients and the public being at the heart of everything we do and that we must focus on prevention, personalisation and partnership working to improve the health and wellbeing of the population.

In this Council Plan we consider the future of public health in County Durham and the council's new role in working together with Clinical Commissioning Groups (which include GPs, nurses and health professionals) and the third sector (voluntary and community organisations) to make services accountable in a different way to patients and communities.

A Shadow Health and Wellbeing Board have been established in County Durham and this includes representation from the council, NHS and Clinical Commissioning Groups. As the work of the Shadow Board continues, we will ensure that arrangements are in place for the fully established, statutory Health and Wellbeing Board to be included in Durham County Council's Constitution (dependent on the passing of the Health and Social Care Bill in 2012).

Shared priorities and effective partnership-working across the statutory, voluntary and community sectors, combined with efforts to engage with local people, are crucial to tackling health inequalities and we plan to assume our new responsibilities for public health in County Durham from 1st April 2013.

Working closely with Clinical Commissioning Groups, Durham County Council will continue to provide a Joint Strategic Needs Assessment for County Durham, which includes robust information relating to the health and wellbeing of the local population. A Joint Health and Wellbeing Strategy will also be developed, from which commissioning plans will be subsequently produced.

Health in County Durham has improved over recent years and people are now living longer. However, health inequalities continue to exist within the county as well as between Durham and the rest of England. Local priorities for tackling health inequalities include reducing smoking, tackling obesity, reducing alcohol misuse, and promoting positive mental health.

Durham County Council has a statutory duty to assess the needs of people (and their carers) that require a social care assessment. The assessment process uses eligibility criteria to determine the level of need of individuals and the level of service required. Durham County Council gives priority to people with the greatest care needs and provides services to those assessed as having critical or substantial needs.

The personalisation of social care services continues to be extended as more people are offered the choice and control to arrange their own care services through direct payments or personal budgets.

Joint Commissioning Strategies will continue to ensure integrated service responses, better use of resources, and monitoring of outcomes for service users and patients. Together with NHS partners, the council will commission services which provide care closer to home, ensuring that people are supported to maintain their independence in their own home for as long as possible.

In January 2012, a new Blue Badge Improvement Service (disabled persons parking) was introduced nationally to tackle badge fraud and misuse and make the

scheme fairer and more sustainable in the long term. As part of the new scheme, Durham County Council will continue to issue badges to those who are eligible for concessionary parking.

1. Improve life expectancy

Smoking is the biggest single contributor to the shorter life expectancy experienced in County Durham. Cancer and cardiovascular disease (CVD) account for 66% of early or premature deaths.

CVD is reducing in County Durham however it is still a major health problem across the county. Rates of CVD are higher for County Durham than the national average and deaths from CVD are significantly higher in County Durham than nationally for both men and women.

Alcohol is a significant contributor to ill-health across all age groups and all areas of the county. A multi-agency Alcohol Harm Reduction Strategy has been developed, to reduce levels of alcohol-related ill-health in the county.

Going well

- We have increased use of powers across the county to tackle sales of alcohol and tobacco to people under the age of 18.
- The 80% target for cervical cancer screening rates for County Durham for 2011/12 was achieved by June 2011, when 80.7% was recorded.
- The Stop Smoking Service achieved 1,310 quitters between April – June 2011, which exceeded the target of 1,186.

Cause for concern

- Coronary heart disease, chronic obstructive pulmonary disorder, cancer, stroke and heart failure continue to be a cause for concern in County Durham.

Did you know?

- The County Durham Tobacco Control Alliance was highly commended in two categories at the 2010 'No Smoking Day' Organiser of the Year awards.
- More than 40 domestic premises were suspected of supplying illicit tobacco in 2011.
- There are 5 Health Networks in County Durham (Dales, Derwentside, Durham & Chester-le-Street, East Durham and Sedgefield) which tackle issues locally such as smoking, cardiovascular disease and physical activity.

Look out for:

- A revised multi-agency Alcohol Harm Reduction Strategy for County Durham in March 2013.
- A revised Joint Strategic Needs Assessment for County Durham by August 2012, which will include updated information on the health and wellbeing of the local population.
- A Joint Health and Wellbeing Strategy for County Durham by October 2012, which will inform future commissioning plans for services in the county.

High level Action Plan

Action	Responsibility	Timescale
Work with NHS County Durham and Darlington colleagues to implement all tobacco cessation actions contained in the Health and Wellbeing Partnership Delivery Plan	Head of Social Inclusion	31 March 2013
Work with NHS County Durham and Darlington colleagues to complete all of the actions in the Health and Wellbeing Partnership Delivery Plan in respect of cancer-related issues, including awareness-raising and screening	Head of Social Inclusion	31 March 2013
Develop a DCC Healthy Hearts programme in partnership with NHS County Durham to reduce cardiovascular disease prevalence and mortality rates	Head of Social Inclusion	31 March 2013
Provide training and support to frontline staff and community champions, to enable them to offer help and advice to local people on health improvement and signpost them into services where appropriate, such as NHS health checks and stop smoking services	Head of Social Inclusion	31 March 2013
Develop and agree a revised multi-agency Alcohol Harm Reduction Strategy for County Durham	Head of Social Inclusion	31 March 2013
Reduce harm caused by drugs by working with services in the treatment centres to ensure that all service users receive a general health care assessment	Head of Social Inclusion	31 March 2013
Work in partnership to develop a coordinated County Durham Excess Winter Deaths Plan	Head of Social Inclusion	31 March 2013

2. Reduce health inequalities

Although health in County Durham has improved over recent years and people now live longer lives, the rate of progress has not been equal across the county and health inequalities are still evident.

These health inequalities exist as a result of complex interactions caused by a number of factors, which can be broadly described as:

- Inequalities in opportunity – poverty, family, education, employment and the environment (these are known as the wider determinants of health)
- Inequalities in lifestyle choices – smoking, physical activity, food, drugs, alcohol and sexual activity
- Inequalities in access to services - for those who are already ill or have known risk factors for disease (this is known as health inequity)

Obesity is a major risk factor in the development of a number of severe medical conditions. Being obese makes people more likely to suffer from Type II diabetes, diseases of the cardiovascular system (e.g. heart disease, stroke, angina, deep vein thrombosis, and high blood pressure), certain types of cancer, arthritis of the back and other health problems.

Childhood obesity is linked to diet and nutrition, physical activity, parenting and emotional health and wellbeing. The proportion of County Durham children in Year 6 classified as obese is above the national average.

As with a healthy diet, participation in physical activity is known to benefit overall health and is particularly linked to improved cardiovascular health, reduced levels of obesity and improved mental health. The council will be taking various steps to improve overall level of participation in physical activity, driven by the delivery of its Sport and Leisure Strategy.

Going well

- 'Healthy Hearts' events funded by the Health and Wellbeing Partnership are providing health checks in community venues for conditions such as diabetes and cardiovascular disease.
- The Warm Front fuel poverty scheme has resulted in over 3,000 households receiving free central heating and insulation.
- Partnership arrangements with 4 community organisations are being developed to operate leisure facilities.

Cause for concern

- The proportion of children in Year 6 classified as obese is around twice that of children in Reception and is above the national average.
- Overweight young people have a 50% chance of being overweight adults and, unless childhood obesity is addressed, this is likely to increase demand on the NHS and Adult Services due to the health problems associated with adult obesity.

Did you know?

- The promotion and introduction of HealthZones in County Durham libraries resulted in a 13% increase in the number of health-related books borrowed in 2010/11 and the trend is continuing, with a projected increase of 2% for 2011/12.
- Visits by the Wellness on Wheels (WOW) mobile fitness trailer has resulted in 9 permanent community facilities called 'legacy gyms' being provided across the county.

Look out for:

- A new 'Telehealth' service to provide equipment to people with diabetes to enable them to monitor their vital signs, including blood pressure, weight and blood sugar, and pass this information back to health professionals.
- In October 2012, an exciting new event - the 'Etape North Pennines' - will attract cyclists to County Durham to tackle a difficult course of 78 miles and raise funds for the Marie Curie Cancer Care charity.

High level Action Plan

Action	Responsibility	Timescale
Work with regional partners to deliver a range of health interventions aimed at promoting healthy eating and covering the key themes of diet and nutrition, including sampling, healthy eating awards and provision of food labelling advice	Head of Environmental Health and Consumer Protection	31 December 2012
Work with the governing bodies of 5 key sports to develop countywide shared investment and delivery plans	Head of Sport and Leisure Services	30 September 2012
Play a lead role in the review of, and further develop, the 5 community sport networks to ensure they are fit for purpose	Head of Sport and Leisure Services	30 April 2014
Work with the Regeneration and Economic Development (RED) service grouping to deliver improvements in housing conditions; through the implementation of the council's Private Sector Housing Strategy, using the joint operational protocol between the Environment Protection Team and the Housing Renewal and Improvement Team	Head of Environmental Health and Consumer Protection	31 March 2013
Implement a new Additional Licensing Scheme for Houses in Multiple Occupation (HMOs) in the private rented sector, which will run concurrently with the mandatory licensing scheme.	Head of Environmental Health and Consumer Protection	31 December 2013
Work with Work with the County Durham and Darlington Primary Care Trust Cluster to achieve the Department of Health national milestones for public health transition, by:	Head of Policy Planning & Performance (AWH)	

<ul style="list-style-type: none"> • Agreeing an approach to the development and delivery of the local public health vision 		30 June 2012
<ul style="list-style-type: none"> • Agreeing arrangements on public health information requirements and information governance 		30 September 2012
<ul style="list-style-type: none"> • Testing arrangements for the role of public health in emergency planning and the delivery of specific public health services, such as screening and immunisation 		31 October 2012
Ensuring that final legacy and handover documents are produced		31 January 2013
Deliver a publicity campaign to help tackle obesity levels within the county, which will be evaluated as part of a national programme	Head of Social Inclusion	31 March 2013

3. Improve mental health and wellbeing of the population

In County Durham, improving the mental health and wellbeing of the population has been identified as a priority. Good mental health and resilience are very important to people's physical health, relationships, education, training, work and to individuals achieving their potential.

People at higher risk of suffering from poor mental health include those with poor educational attainment, the unemployed, older people, those with long term conditions (such as coronary heart disease, diabetes), people with learning disabilities and people living in more deprived communities.

It is recognised that maximising independence for people is an important contributor to positive mental health. It is also widely acknowledged that participation in work is one of the main routes to social inclusion and improving mental health and wellbeing. The financial and emotional burden of unemployment has a significant impact on mental health and wellbeing, and problems such as anxiety and depression impact on significant numbers of people out of work.

An ageing population in County Durham will also present several challenges for both health and social care and an increasingly older population will see a rise in mental health conditions, dementia, increased levels of disability and long term conditions (a condition that cannot at present be cured but can be controlled by medication and other therapies).

Going well

- The council's mental health support and recovery service was shortlisted in the 2012 Local Government Chronicle Awards for Health and Social Care

Cause for concern

- According to the County Durham Joint Strategic Needs Assessment 2011-12, statistics available from the government's Projecting Older People Population Information system show that for older people in County Durham between 2011 - 2030:
 - Depression will rise from 7,986 to 11,869 (48.6%)
 - Limiting long term illness will rise from 52,734 to 79,188 (50.2%)
 - Severe depression will rise from 2,512 to 3,870 (54.1%)

Did you know?

- At least one in four people will experience a mental health problem at some point in their life
- One in ten children aged between 5 and 16 years has a mental health problem and many continue to have mental health problems into adulthood
- Half of those with lifetime mental health problems first experience symptoms by the age of 14, and three-quarters before their mid-20s
- According to the Alzheimer's Society, dementia affects 5% of people aged 65 and 20% of those over 80

Look out for:

- Promotion of sports activities through the Area Action Partnerships and the Youth Service
- Opportunities to get involved in the DLI Museum and Durham Art Gallery Community Panel - this not only helps people to share common interests but also develops individuals' feelings of confidence, self-esteem and personal achievement

High level Action Plan

Action	Responsibility	Timescale
Complete implementation of the Mental Health Employment and Training Strategy 2010/13 to support recovery, promote social inclusion and increase the number of people progressing into education, training, volunteering and employment	Head of Social Inclusion	31 March 2013
Work in partnership with NHS County Durham to develop a new Public Health Mental Health Strategy	Head of Social Inclusion	31 March 2013
Support the implementation of the Public Health Suicide Action Plan	Head of Adult Commissioning	31 March 2013

Deliver a programme of arts and heritage activities which positively impact on community cohesion and wellbeing of people living / working in and visiting County Durham including:

Head of Social Inclusion

31 March
2013

- Volunteering opportunities across arts and heritage activities
- Bringing different sections of the community together through cultural activities
- Consulting with the DLI Museum and Durham Art Gallery Community Panel on the venue's current and future programme and work

4. Enable adults with social care needs to live independently

Durham County Council has a statutory duty to assess the needs of people (and their carers) that require a social care assessment. The assessment process uses eligibility criteria to determine the level of need of individuals and the level of service required. Durham County Council gives priority to people with the greatest care needs and services are therefore provided to those assessed as having critical or substantial needs.

In response to the introduction of the Health and Social Care Bill in 2011, recommendations were put forward by the Law Commission (which published a report related to social care reform) and the Dilnott Commission (which produced a report on the future funding of care and support). In 2012, the government will publish a Care and Support White Paper and this will have an impact on the way in which health and social care services are provided.

Durham County Council continues to lead on the personalisation of services, which has introduced greater levels of choice and control to users of services, their families and carers through the use of direct payments and personal budgets. By April 2013, councils are expected to provide personal budgets for everyone eligible for ongoing social care; Durham County Council has exceeded the government's current targets for personalisation.

In order to help service users lead a more independent life, the council operates in-house care and support services. These include a reablement service, which gives people over 18 years of age the opportunity, motivation and confidence to relearn / regain some of the skills they may have lost as a consequence of poor health, disability, impairment or accident and helps people to stay independent in their own homes for as long as possible.

The council also works with health partners in County Durham to provide 'intermediate care' services for people, which promote faster recovery from illness, prevent unnecessary hospital admissions and maximise independent living.

Going well

- At October 2011, 97% of adult social care service users said that the care and support they had received made their quality of life much or a little better – this is higher than the council's target of 90% for 2011/12.
- At October 2011, 86% of respondents to a survey of adult social care service users found it very or fairly easy to find information and advice about social care services – this is better than the national average of 55%.
- In November 2011, 48% of adult social care service users were in receipt of a personal budget to arrange their own social care services, against a target of 50% to be achieved by the end of March 2012.

Cause for concern

- The number of critical and substantial needs identified for adults with a learning disability show significant increases for needs related to 'education / vocation'

Did you know?

- At October 2011, 32% of carers in County Durham had received a social care service during the past year – this is above the England average of 26.5%
- As at October 2011, 96% of people (203 out of 212) reported that re-ablement services had made their life "much" or "a little" better

Look out for:

- An improved Durham Information Guide (DIG) which allows people to search online for information on social care services, health groups and other community information such as arts, leisure, sports and social groups and organisations on a countywide, regional and national basis

High level Action Plan

Action	Responsibility	Timescale
Ensure consistent and effective application of eligibility criteria so that adult social care services continue to be provided to those people most in need	Head of Adult Care	31 March 2013
Following the re-procurement of independent sector day services, review the provision of in-house day services	Head of Adult Commissioning	30 June 2013
Extend the personalisation agenda by: <ul style="list-style-type: none"> • Further developing the online Durham Information Guide to ensure that people are provided with the most up-to-date information to enable them to make their own choices regarding the social care needs and local services 	Head of Adult Commissioning	31 March 2013

31 March 2013

- Working with partners and service users to ensure that more people access personal budgets, to allow them greater choice and control over their social care needs

Review the effectiveness of the reablement service, which provides domiciliary care to adults to enable them to develop and maintain their independence

Head of Adult Care

30 April 2012

Develop an action plan to implement the recommendations of the Care and Support White Paper, which will have an impact on the delivery of health and social care services in County Durham

Head of Policy Planning & Performance

30 June 2012
(subject to publication of the White Paper)

5. Respond to the White Paper, 'Equity and excellence: Liberating the NHS'

The Health and Social Care Bill was introduced to Parliament on 19th January 2011. It takes forward proposals for reform set out in the NHS White Paper 'Equity and excellence: Liberating the NHS', which require primary legislation.

These proposals include making clinicians, groups of GPs and health professionals (known as Clinical Commissioning Groups) responsible for commissioning services for their communities and giving patients a stronger voice through the establishment of national and local HealthWatch organisations.

The local HealthWatch will ensure that views and feedback from patients and carers in County Durham are an integral part of local commissioning across health and social care. Durham County Council will commission local HealthWatch to provide advocacy and support, helping people to access and make choices about services and supporting individuals who want to make a complaint.

Durham County Council will work with Clinical Commissioning Groups to develop a Joint Strategic Needs Assessment (JSNA) for County Durham. The purpose of the JSNA is to provide a high level overview of the current and future health and wellbeing needs of the people of County Durham, which will help decision-makers in targeting resources to both services and geographic areas of the county. The JSNA will also inform the development of a new Joint Health and Wellbeing Strategy for the county, from which commissioning plans will be subsequently produced.

As part of the government's plans for public health, Durham County Council will assume a new role across three areas of public health:

- Health improvement (including people's lifestyles as well as the inequalities in health and the wider social influences of health)
- Health protection (including infectious diseases, environmental hazards and emergency preparedness)
- Health services (including service planning and evaluation)

The council's new responsibilities will include services related to tobacco control, alcohol and substance misuse, public mental health, obesity and community nutrition, and increasing levels of physical activity in the local population.

In 2012, transition plans will be developed and agreed for County Durham and funding will be provided to the council for its new responsibilities in 2013/14; in the meantime, 'shadow' allocations will be provided for 2012/13.

Durham County Council will employ the Director of Public Health for County Durham, who will be responsible for ensuring that the council delivers public health functions such as appropriate access to sexual health services, NHS Health Check assessment and elements of the Healthy Child Programme, ensuring that commissioners receive the public health advice they need, and making sure that plans are in place to protect the health of the local population.

Going well

- The County Durham Shadow Health and Wellbeing Board was established in 2011 and consists of senior decision-makers from Durham County Council and the NHS.
- The Shadow Health and Wellbeing Board is leading on the development of a refreshed Joint Strategic Needs Assessment and a Joint Health and Wellbeing Strategy to be produced in 2012.

Cause for concern

- The successful investments made in recent years to improve the health and wellbeing of the local population must be maintained and efforts made to continue the positive momentum.

Did you know?

- A National Commissioning Board will carry out annual assessments of local Clinical Commissioning Groups to ensure that they are producing better health outcomes for local people.
- County Durham has two Clinical Commissioning Groups which include GPs, nurses and health professionals – one for North Durham and one for Durham Dales, Easington and Sedgefield.

Look out for:

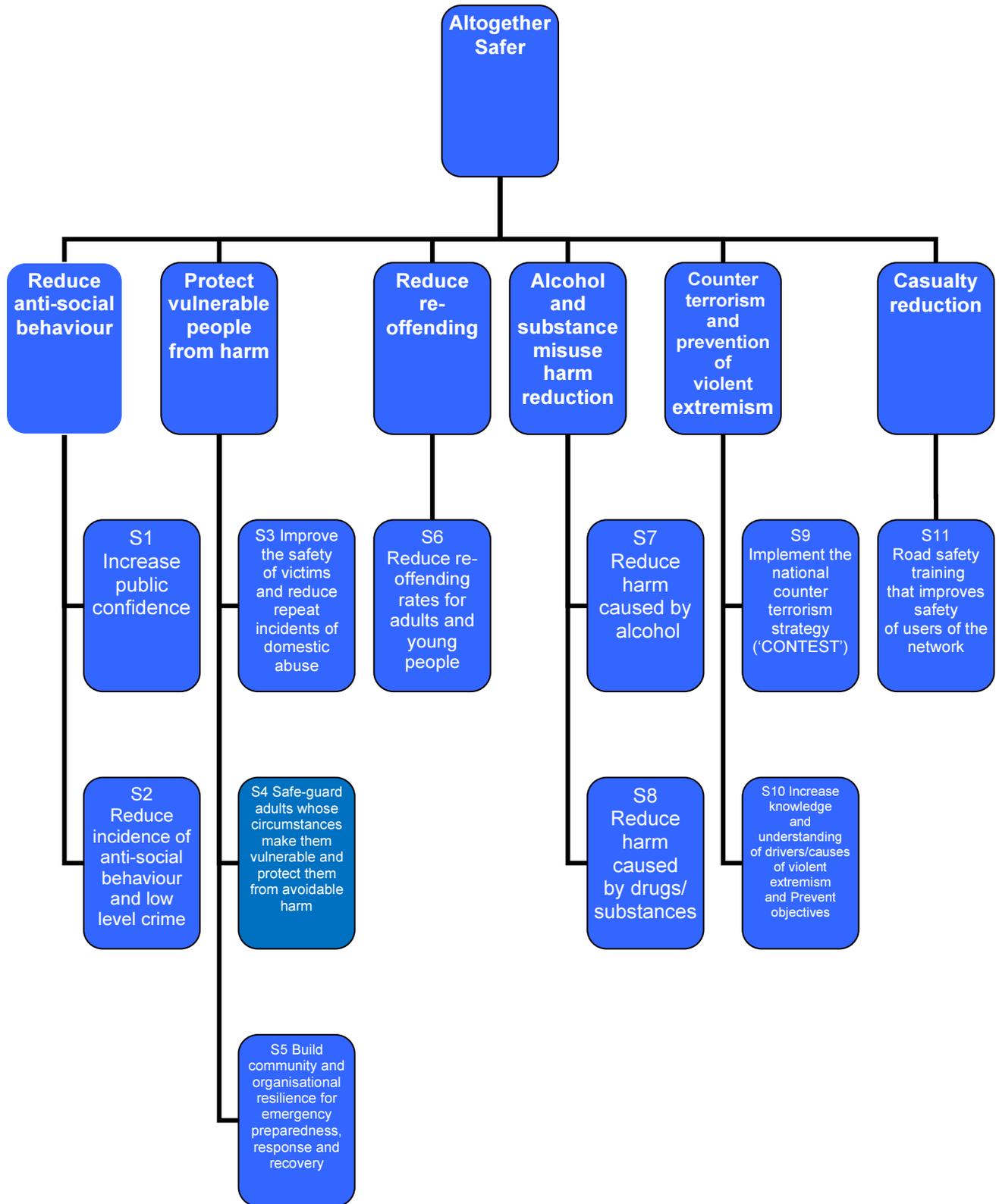
- An engagement event for stakeholders and partners of the County Durham Shadow Health and Wellbeing Board in June 2012.
- The establishment of local HealthWatch by April 2013, to ensure that views and feedback from patients and carers is fed back to commissioners of health and social care services in County Durham.
- Changes to the NHS and Durham County Council taking responsibility for some areas of public health from April 2013.

High level Action Plan

Action	Responsibility	Timescale
<p>Work with partners and Clinical Commissioning Groups to review all Joint Commissioning Strategies for County Durham, to ensure they are fit for purpose and designed to achieve strategic health and wellbeing outcomes for local people:</p> <ul style="list-style-type: none"> • Older people with mental health needs 2009-13 • Adults with mental health needs 2009-13 • Learning disabilities 2009-13 • Carers 2009-13 • Older people 2010-13 • Intermediate Care 2010-13 • Long term conditions 2011-14 • Domestic abuse services 2011-14 	<p>Head of Adult Commissioning</p> <p>Head of Social Inclusion</p>	<p>31 March 2014</p>
<p>Commission the establishment of local HealthWatch in County Durham to act as a local consumer champion:</p> <ul style="list-style-type: none"> • Complete tendering activity • Award contract • Establish local HealthWatch • Local HealthWatch assumes joint responsibility with DCC for commissioning NHS complaints advocacy 	<p>Head of Adult Commissioning</p>	<p>30 September 2012</p> <p>31 October 2012</p> <p>31 January 2013</p> <p>30 April 2013</p>
<p>Lead on the development of the County Durham Joint Strategic Needs Assessment 2012, working in partnership with Clinical Commissioning Groups</p>	<p>Head of Policy Planning & Performance (AWH)</p>	<p>31 August 2012</p>

Develop with partners a Joint Health and Wellbeing Strategy for County Durham	Head of Policy Planning & Performance (AWH)	31 October 2012
<p>In partnership with the NHS, prepare for the transfer of public health resources to DCC by developing an action plan to ensure that:</p> <ul style="list-style-type: none"> • The Director of Public Health has been appointed • All relevant staff are transferred • Appropriate management arrangements are in place 	Head of Policy Planning & Performance (AWH)	<p>Before April 2013</p> <p>By April 2013</p> <p>Before April 2013</p>
Work with NHS partners to ensure that transitional arrangements are in place for the County Durham Health and Wellbeing Board to meet formal constitutional requirements	Head of Policy Planning & Performance (AWH)	01 April 2013

Altogether Safer



The council will continue to work with partner organisations, as part of the Safe Durham Partnership, to tackle crime and disorder in County Durham.

The council supports the Safe Durham Partnership in its strategic plan to deliver a day-to-day operational response to issues impacting on our neighbourhoods. The

council will work with partners to involve the community in tackling priorities, with the aim of creating a safer county and contributing to an Altogether Better Durham.

Key hotspots around the county are identified as particularly vulnerable in terms of crime and disorder. These areas generally face problems such as unemployment, low educational attainment and ill-health. Evidence shows that there are links between levels of deprivation and levels of domestic abuse, anti-social behaviour, re-offending, alcohol and substance misuse, and road casualties.

The council will continue to work with partners throughout the county to tackle these issues, which have an impact on the personal safety of residents and service users. From 2012, the council will support the Safe Durham Partnership's work with the newly elected Police and Crime Commissioner.

The council will continue to support the Safe Durham partnership in delivering its strategic priorities:

1. Reduce anti-social behaviour

Anti-social behaviour is associated with everyday problems like nuisance neighbours, noise, graffiti, vehicle crime, abandoned cars, vandalism, litter, verbal abuse, intimidation, harassment and street drinking. Anti-social behaviour also affects people's happiness and pride in their community as a place to live and deters them from accessing local parks and other community spaces. Consultation across the county continues to identify concerns amongst local communities about crime and anti-social behaviour.

Going well

- Anti-social behaviour incidents reported to the police fell by 11% in 2010/11 compared with 2009/10 – this was 5,779 fewer incidents.
- Youth-related anti-social behaviour went down by nearly 20% when comparing April to September 2010 against the same period in 2011.

Cause for concern

- Alcohol misuse is strongly linked to anti-social behaviour.
- County Durham experiences some of the highest rates of alcohol-related hospital admissions in the UK.

Did you know?

- We have increased use of powers to tackle sales of alcohol and tobacco to people under the age of 18
- A new Police and Crime Commissioner will be elected in November 2012, as part of the government's Police Reform and Social Responsibility Bill.

Look out for:

- The Safe Durham Partnership's Strategic Assessment 2012/13 and a refreshed Safe Durham Partnership Plan 2013/14, to be published in April 2013.
- Promotion of Neighbourhood Watch and all 'Watch' schemes (farm, business, pub, shop and garage) in 2012.

High level Action Plan

Action	Responsibility	Timescale
Lead on the production of the Safe Durham Partnership's Strategic Assessment 2012/13 and Partnership Plan refresh 2013/14 and develop an integrated approach to coordinate activity with the new Police and Crime Commissioner	Head of Social Inclusion	01 April 2013
Complete implementation of the Anti Social Behaviour Strategy 2011/14 and ensure an effective joint approach to developing action plans to tackle anti-social behaviour and low level crime	Head of Social Inclusion	31 March 2014
Review the priorities and patrol areas of Neighbourhood Wardens across the county to realign resources and harmonise working practices	Head of Direct Services	31 July 2012
Work with partners to provide an integrated team approach through implementing Safer Neighbourhood Units, improving delivery outcomes and providing service delivery changes to reflect the anticipated changes in anti-social behaviour legislation	Head of Direct Services	31 March 2013
Review all education and enforcement procedures and processes in relation to anti-social behaviour and enviro-crime (this will include case recording and case management procedures, allocation on investigation, risk assessment, reflecting development of working practices within Safer Neighbourhood Units and One Point, the potential for mobile working and forthcoming legislative changes)	Head of Direct Services	30 September 2013

2. Protect vulnerable people from harm

Protecting vulnerable people from harm includes the safety of victims and reducing repeat incidents of domestic abuse.

Safeguarding adults is a key priority for Durham County Council and partners and a zero tolerance approach has been adopted. This means that all agencies are fully committed to preventing the abuse of adults and responding promptly when abuse is suspected.

There are numerous factors which have contributed to the overall increase in safeguarding referrals for suspected abuse. These include the continuing adoption of a zero tolerance policy, improved awareness of safeguarding through the delivery of

comprehensive training and communication strategies, national drivers and media attention linked to the care services industry.

Going well

- The Local Resilience Forum draws together the emergency services, health organisations, the local authority and voluntary groups has been restructured to ensure we are better prepared to respond to a major emergency.
- Community resilience recognised in Local Resilience Forum Strategy.
- Approvals to severe weather plan.
- Statutory emergency plan in place for pipelines, reservoirs and Control of Major Accident Hazards sites.
- Flood warden schemes in place for all high risk communities.
- The number of adult safeguarding investigations completed within 28 days has increased from 79.4% in 2010/11 to 84% which exceeds the council's target of 75%.

Cause for concern

- In 2011, the National Society for the Prevention of Cruelty to Children launched national research which highlighted that a quarter of girls and 18% of boys reported some form of parent / partner physical violence.
- A third of all domestic violence incidents are alcohol-related.

Did you know?

- The number of adult safeguarding referrals for suspected abuse increased by 133.9% when comparing 2007/08 figures with 2010/11 – this is partly due to national and local campaigns to raise awareness of safeguarding issues and provide local contact details for help and advice.
- Levels of domestic abuse related incidents reported to the Police have remained relatively stable with 10,209 incidents in 2009/10 and 10,425 in 2010/11.
- The Local Authority is classed as an emergency service.

Look out for:

- Initiatives set up by the police to protect elderly and vulnerable residents from bogus officials (people pretending to represent companies, to gain access to people's homes)
- The community emergency response team programme.

High level Action Plan

Action	Responsibility	Timescale
Complete the implementation of the Joint Commissioning Strategy for Domestic Abuse Services in County Durham to improve the safety of victims and children who witness and experience domestic abuse, reduce repeat incidents of domestic violence, and reduce serious violent crime across the county and in priority locations	Head of Social Inclusion	31 March 2014

In partnership with community safety colleagues, agree information-sharing mechanisms for vulnerable people and those with challenging needs (through the work of Local Multi Agency Problem Solving Groups and high impact locality work)	Head of Adult Care	30 June 2012
Complete a programme of intelligence led enforcement initiatives and other interventions to reduce door step crime, rogue traders and the supply of illicit, counterfeit and age restricted products	Head of Environmental Health and Consumer Protection	31 March 2013
Develop and embed community resilience across the County:	Head of Policy and Communications	
<ul style="list-style-type: none"> Develop & agree mutual-aid protocols 		June 2012
<ul style="list-style-type: none"> Support the implementation of a Community Resilience strategy through the Local Resilience Forum 		December 2013

3. Reduce re-offending

Reducing re-offending remains a strategic priority for the Safe Durham Partnership. This is in response to the national estimate that 10% of the active offender population is responsible for half of all crime.

A Reducing Re-offending Strategy 2011-14 has been developed, with the aim of reducing crime by reducing re-offending rates through the following two objectives: Prevent inter-generational offending (criminal behaviour within families and across generations) and prevent repeat offending.

Going well

- The overall crime rate between April and September 2011 shows a decrease of 5.5% on the same time period in 2010.
- Between April and September 2011, there was a 62% reduction in offences committed by offenders currently within the Integrated Offender Management team areas, when compared to the same time period in 2010.

Cause for concern

- A small proportion of persistent offenders commit a large proportion of crime.

Did you know?

- In 2010/11, the main types of crime were low level acquisitive crime such as shoplifting and the theft of metal, which accounted for 21% of all stealing.
- To manage the most prolific offenders in County Durham, the Safe Durham

Partnership has put in place an Integrated Offender Management team across the county with three delivery centres for North Durham, Easington and South Durham.

Look out for:

- A continuing reduction in repeat offending rates for our most persistent offenders, which will have a significant impact on reducing overall crime in our local communities.

High level Action Plan

Action	Responsibility	Timescale
Review the Reducing Re-Offending Strategy and Action Plan 2011/14 to prevent inter-generational offending and repeat offending	Head of Social Inclusion	31 March 2013

4. Alcohol and substance misuse harm reduction

Alcohol consumption is a significant contributory factor with respect to a range of offences, in particular violence, disorder and anti-social behaviour. The main issue is addressing the circumstances and situations where the consumption of alcohol contributes to unacceptable forms of behaviour.

Alcohol misuse can lead to people becoming more vulnerable to offences of assault; it is also a major factor in fire-related deaths.

The council is working with partner agencies to provide education in schools about the dangers of ‘legal highs’. Young people who may be at greatest risk of alcohol dependency are those whose parents abuse alcohol. An alcohol referral scheme has also been introduced for over 18s.

The government published a new national Drugs Strategy in December 2010. Local activity has previously focused on increasing the number of people able to access and receive drug treatment, either in the community or in custody. The new strategy emphasises the importance of breaking the cycle of dependency on drugs within families and communities, focusing on international trade and supply routes, and getting people through recovery to continue a drug-free life.

In terms of the crime and disorder agenda for County Durham, there is a need to ensure that appropriate substance misuse education is delivered. Confidence by the courts in the treatment system needs to be maintained, so that drug rehabilitation is seen as an effective option to custody. In order to restrict the supply of drugs, work is taking place at a local level through integrated enforcement activity involving the Safe Durham Partnership, the public and service users.

Going well 

- The number of individuals arrested for being drunk and disorderly has fallen slightly from 1,056 in 2009/10 to 909 in 2010/11.
- Under-age drinking is being tackled in the Stanley area by establishing a Community Alcohol Partnership.

Cause for concern

- 37% of all assaults are alcohol-related.
- Half of all violent crimes are alcohol-related.

Did you know?

- The Best Bar None initiative (where licensed premises and their management standards are reviewed against strict national criteria) is being promoted across the whole of County Durham to have a positive impact on the issues caused by the night-time economy.
- An Alcohol Health Needs Assessment was produced in 2011 to assess the local needs of alcohol misusers; this will enable evidence-based decisions to be made on how needs might be most effectively met within available resources.

Look out for:

- Alcohol Awareness Week in November 2012.

High level Action Plan

Action	Responsibility	Timescale
Develop and agree a revised multi-agency Alcohol Harm Reduction Strategy for County Durham to: <ul style="list-style-type: none">• Prevent and tackle crime and disorder problems associated with alcohol misuse• Reduce illegal sales of alcohol within the county	Head of Social Inclusion	31 March 2013
Implement the Safe Durham Partnership's response to the Government's national Drug Strategy 2010 by ensuring that social work support in treatment centres: <ul style="list-style-type: none">• Assists people to seek help and overcome their dependency on drugs• Addresses other issues in addition to drug treatment such as offending, employment and housing	Head of Social Inclusion	31 March 2013

Work with partners to deliver a programme of interventions involving licensing enforcement and health promotion initiatives aimed at reducing harm caused by alcohol

Head of Environmental Health and Consumer Protection

31 March 2013

5. Counter terrorism and the prevention of violent extremism

In 2011, the government released new 'Contest' and 'Prevent' strategies. The strands of the Contest strategy remain the same:

- Pursue – to stop terrorist attacks (remit of police & security services);
- Prepare – where we cannot stop an attack, to mitigate its impact;
- Protect – to strengthen our overall protection against terrorist attacks; and
- Prevent – to stop people becoming or supporting terrorists.

The Prevent strategy has a broader scope but a much tighter focus, with the following three objectives:

- Respond to the ideological challenge of terrorism and the threat we face from those who promote it.
- Prevent people from being drawn into terrorism and ensure that they are given appropriate advice and support; and,
- Work with sectors and institutions where there are risks of radicalisation which we need to address.

Research for the new Prevent strategy provided an understanding about the risks of people becoming susceptible to terrorist propaganda. Young people are more inclined to be 'sympathetic' to terrorism and most terrorist offences are committed by those under 30.

Within County Durham, partner agencies are working closely together to support the government's strategies and address these issues.

Going well

- The Safe Durham Partnership delivered a training programme to raise awareness of preventing violent extremism (such as Act-Now and WRAP) – the training targeted various audiences from chief executives and senior management teams to frontline practitioners and members of the community

Cause for concern

- The current threat level for the UK is 'substantial', which means that a terrorist attack is a strong possibility

Did you know?

- 10% of all terrorist convictions nationally fall within the age range 15-19

Look out for:

- A 'Staying Safe on the Internet' initiative delivered to pupils through the Safer Schools Partnership

High level Action Plan

Action	Responsibility	Timescale
Provide the council's lead contribution to the Contest Strategy delivery action plan and complete the self assessment for the Home Office	Head of Social Inclusion	31 March 2013
Develop an action plan to respond to the government's refocused Prevent Strategy to: <ul style="list-style-type: none">• Respond to the ideological challenge of terrorism and the threat faced from those who promote it• Prevent people from being drawn into terrorism and ensure that they are given appropriate advice and support• Work with sectors and institutions where there are risks of radicalisation which need to be addressed	Head of Social Inclusion	31 March 2013

6. Casualty reduction

The Government have not as yet extended the casualty reduction targets beyond the 2010 timeframe set within the national casualty reduction strategy. As part of the work to develop the Local Transport Plan 3 (LTP3), the County Council has chosen to project the target line beyond the 2010 timeframe for the life of LTP3 i.e. 2015. Road accident numbers in 2010 showed a reduction for the numbers of people killed or seriously injured, particularly children. During 2011 (January – September) the numbers of children involved in serious accidents has increased beyond the targeted profile.

Going well

- We have further developed partnership arrangements with town and parish councils and volunteer groups to help the winter maintenance service.

Cause for concern

- Motorcyclists were involved in 28% of killed or seriously injured road accident casualties (January – September 2011).
- 51% of killed or seriously injured road accident casualties occurred on 60mph/70mph roads (January – September 2011).
During the January to September 2011 period, the majority of child killed or seriously injured road traffic accidents occurred Monday – Friday, during daylight

hours and involved children aged 13 or over.

- Funding for highway maintenance has reduced, whilst responsibilities have increased related to street lighting, street furniture, and un-adopted footways.

Did you know?

- The County Council along with its partners in the County Durham Road Casualty Partnership monitor and analyse all accidents for trends i.e. location, road condition, speed, demographic, drink or drug use and transport type and between them develop educational campaigns, enforcement and engineering solutions to try to reduce accidents in the future.
- The County Council organised a regional road safety event last year with 60 delegates from around the region who came together to share best practice in reducing road traffic accidents.
- The Mid Durham AAP set up a Priority Task Group in 2011 to focus on road safety and highways after the AAP voted it to be their second highest priority for 2011/12.

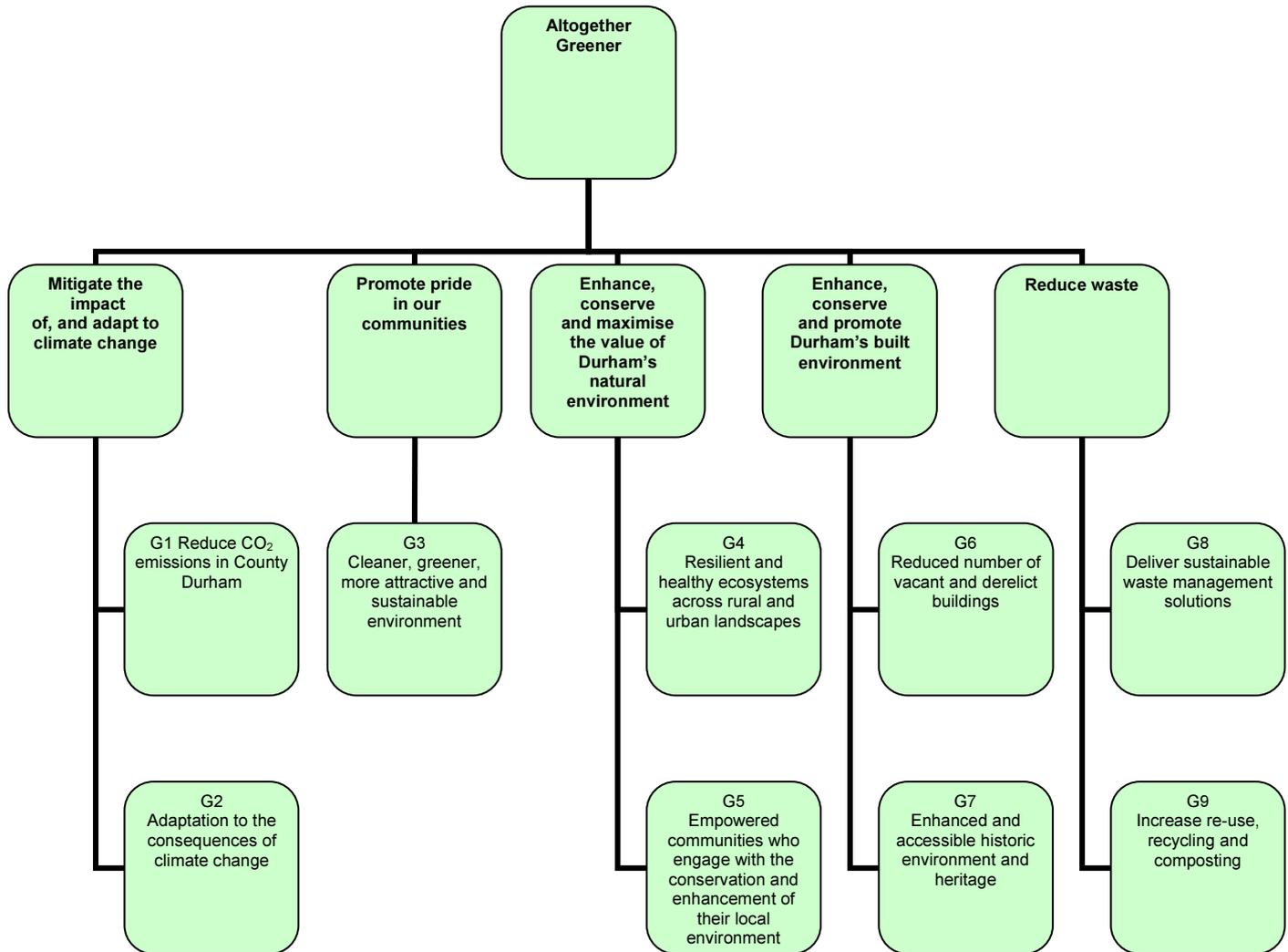
Look out for:

- 'Walking buses' as a safe and sustainable way for children to get to school.

High level Action Plan

Action	Responsibility	Timescale
Identify trends and install appropriate solutions to reduce road casualties and implement a programme of engineering improvements	Head of Transport and Contract Services	2016
Develop a Junior Road Safety Officer website	Head of Transport and Contract Services	April 2012

Altogether Greener



There is mounting evidence that the UK is beginning to experience changing climatic conditions and more extreme weather patterns attributable to the effects of global climate change. These changes are accelerating and will bring significant challenges to every aspect of our lives, our communities and the natural environment. The council has set challenging targets to reduce carbon emissions caused by the council's operations and also to tackle emissions across the wider county. We aim to do this through programmed activity with residents and also through working with large scale businesses and employers such as the NHS and Fire and Rescue Service. The council also has a key role in ensuring that resilience to extreme weather events is increased through adapting to the changes caused by climate change.

Reducing waste is another important contributor to sustaining our natural resources. Last year we land-filled 143,946 tonnes of municipal household waste representing a reduction of 14% on the previous year. We need to further reduce waste generated, increase levels of re-use and recycling, and where possible recover energy from waste if we are to achieve our goal of diverting waste from landfill.

Through engaging with our communities, we know that local environmental cleanliness is an important factor in making County Durham a good place to live, work and bring up a family. Both the natural and built environment, require careful

management to ensure that we can maintain a good quality of place and access to our natural assets. In addition, communities regularly emphasise the importance of access to parks and green spaces for socialising, exercise and enjoying nature. Through education, involvement and enforcement, where necessary, we will work with communities to improve the overall cleanliness and attractiveness of our local environment.

1. Mitigate the impact of, and adapt to climate change

The council has targets to reduce its own carbon emissions by 40% by 2015 and emissions across the whole of County Durham by 40% by 2020. Alongside other key partners, the council is working to ensure the county is well prepared to adapt to the consequences of climate change. In particular we need to ensure that County Durham is well prepared to cope with any future major flooding events. By working with the Environment Agency, we have identified those areas which may be vulnerable to flooding. Over the next three years we will be implementing actions to mitigate the potential impact and protect our communities.

Going well

- We have invested in new street lighting to save energy and reduce carbon emissions, improved the energy efficiency of 3000 Durham homes as a result of £5.5million investment through Carbon Efficiency Reduction Target (CERT) and reduced carbon emissions from fleet vehicles by 11%.
- We have now completed a total of 478 Solar installations including:
 - Photovoltaic panels on 40 Council buildings saving 1000 tonnes of carbon and generating an income of £600,000 a year;
 - Photovoltaic panels on social housing to maximise benefit from the Government's 'Feed in Tariff' which subsidised the installation costs.
- School carbon reduction officers have overseen implementation of carbon saving measures that have saved 1,200 tonnes and £150,000 a year
- The Surface Water Management Plan, highlighting areas where flood risk needs to be managed through protection or alleviation measures, has been approved and is now an active plan with flood risk areas being monitored and schemes programmed as and when required.

Cause for concern

The North East Adaptation Study (2008) <http://www.adaptne.org/> highlights the following trends in the County Durham climate over the next few decades to 2050:

- There will be an increased frequency of summer heatwaves and this will create significant implications for public health.
- Increased temperatures are also likely to increase the risk of disease for both humans and livestock.
- With the projected increases in extreme rainfall events, flood events may become more frequent.
- Government have made major reductions to subsidies that previously encouraged fitting of photovoltaic panels (the Feed-in Tariff), which will impact on the number of installations, and this may destabilise the wider renewables industry.

- Progress against the Countywide CO₂ target has been slow but considerable progress has been made in reducing emissions from County Council activity during 2010/11.

Did you know

- We maintain more than 80,000 street lights and by 31 March 2012 approximately 15% of the lighting stock will be controlled by CMS (Central Management System) equipment allowing remote monitoring, switching and dimming to reduce energy and CO₂ emissions.
- We achieved an “Outstanding” BREEAM rating on the new Brandon and Esh Winning Primary Schools: the most sustainable buildings in the property portfolio, a ‘first’ nationally.
- Carbon emissions from Council homes across County Durham have been reduced by 26,320 tonnes, saving households a total of £1.5 million from their energy bills.
- We now have 12 buildings heated by wood pellets which are a carbon neutral fuel source.
- In partnership with others, we won the National Home Improvement Council Award for the best use of photo-voltaics (solar panels) in a retro-fit scheme at Craghead in 2011.

Look out for:

- The new Low Carbon Master Plan which will inform our future Climate Change Strategy.
- An EU supported project called IMCORE which is studying the Durham Coastline and looking at changes to marine ecology.

High level Action Plan

Action	Responsibility	Timescale
Quantify the carbon impacts of the council's waste services; including those associated with new waste treatment and look to set future targets and actions for reducing them.	Head of Projects & Business Services/ Carbon Management Unit	August 2012

<p>Deliver sustainable design schemes for the new primary school buildings at Kirk Merrington and Greenland (South Moor) in order to improve environmental performance through:</p> <ul style="list-style-type: none"> • Biomass boilers to reduce CO2; • A Sustainable Urban Drainage System (SUDS); • Maximising the use of natural daylight and ventilation; • Grey water recycling capability; • Surfaces painted with a low level of volatile organic compounds (VOCs) & • Building Research Establishment Environmental Assessment Method (BREEAM) A-rated flooring <p>Achieving an overall BREEAM standard of 'excellence'</p>	<p>Head of Technical Services</p>	<p>April 2013 for both Greenland and Kirk Merrington</p>
<p>Review possibilities for moving to alternative powered vehicles and provide recommendations for consideration</p>	<p>Head of Direct Services</p>	<p>August 2013</p>
<p>Review existing network of Customer Access Points as part of the overall authority Accommodation Strategy and the Customer Contact Strategy in order to reduce the need to travel</p>	<p>Head of Sport and Leisure Services</p>	<p>March 2014</p>
<p>Mitigate the effect of flooding throughout the county by establishing a Flood Risk Management Strategy :</p> <ul style="list-style-type: none"> • Addressing and supporting climate change adaptation through land allocations and the design and enhancement of environments (County Durham Plan). • Managing the coastal environment in accordance with the Shoreline Management Plan (SMP) 	<p>Head of Technical Services</p>	<p>April 2013</p>
<p>Install 120 electric vehicle charging points</p>	<p>Head of Transport and Contract Services</p>	<p>March 2014</p>

Implement the County Durham Low Carbon Masterplan <ul style="list-style-type: none"> Plan published 	Head of Planning and Assets	March 2016
Develop and implement a climate change adaptation strategy <ul style="list-style-type: none"> Communications and community engagement plan 	Head of Planning and Assets	Plan agreed December 2012

2. Promote pride in our communities

Consultation with our residents consistently identifies clean streets as one of the most important priorities. However, addressing this issue is not solely about the council improving its operations. To be truly effective and sustainable our approach should harness the contribution that everyone can make, as we all have a role to play in helping make our communities cleaner, safer and greener. We intend to encourage local people to look at ways to improve their local area and to get involved in implementing their ideas.

Going well

- Over 7,200 people participated in activities at the 2011 Altogether Greener event in Durham City
- We have established a Junior Neighbourhood Watch Scheme. Currently a pilot, it aims to encourage young people to take an interest in their personal safety, their community and crime and disorder issues.
- We are promoting waste awareness messages countywide
- We are supporting the national Love Where You Live campaign and have delivered a number of events and initiatives during the last year to engender pride in our communities including :
 - Leadgate Week in Action
 - Sustrans Week in Action
 - Green Dog Walkers
 - The Word
 - Stanley Heart (loving where you live) community project for Stanley Bus Station
 - Golden Ticket – Riverside Park
 - Fix You – Chester le Street
 - Chester le street Market Activity week
 - Respect Event, Chester le Street
 - Northumbria in Bloom
 - Bulb Planting Challenge

Cause for concern

- It is anticipated that the reduction in CO₂ emissions from local authority operations will not achieve target.
- Operations is anticipated to The Residents Survey 2010 demonstrates that levels of deprivation are interlinked with feelings of safety.

- In those areas defined as being within the top 10% most deprived, 16% feel unsafe in their local area at night. This reduces significantly to 7% in areas defined as not deprived.

Did you know?

- Neighbourhood Watch has been expanded to include Street Champions, enabling environmental concerns to be reported.
- In total there were 20.29 tonnes of waste, collected from gardens and yards, from the 8 'Weeks of Action' in Derwent Valley.
- 24 sessions have been delivered in local schools, including 'Open your Eyes' DVD, Tidy Ted assemblies and Story Sack, educating 2,471 children and young people.

Look out for:

- Roll out of the Junior Neighbourhood Watch Scheme.
- The 2012 Environment Awards.
- The 'Golden Ticket' campaign in your area.
- Community conservation days in your area.
- Stanley Heart (loving where you live) community project for Stanley Bus Station 2012.

High level Action Plan

Action	Responsibility	Timescale
Deliver a £2.3m improvement scheme to Durham Crematorium which includes extending the existing building, installing new cremators which comply with European mercury abatement legislation, improving access and car parking facilities	Head of Technical Services	December 2012
Develop an Open Space Strategy to incorporate countryside, play events, playing pitches, parks, allotments	PPC Manager / Streetscene Area Manager (S)/Sport and Leisure	December 2012
Incorporate the 'Love where you live' campaign in a wide range of communication mechanisms in conjunction with 'Pride' theme	Head of Direct Services	September 2012
Implement the Contaminated Land Inspection Strategy in accordance with the requirements of the Environmental Protection Act 1990, Part 2A by inspecting the top ten highest priority sites of potential concern, in County Durham	Head of Environmental Health and Consumer Protection	March 2013

3. Enhance, conserve and maximise the value of Durham's natural environment

Our natural environment underpins our economic prosperity, as well as our health and wellbeing and as a result, protecting the environment and enhancing biodiversity is a priority to us.

There have been a number of improvements to Durham's natural environment; the air we breathe is cleaner, the quality of water in our rivers has improved and our wildlife sites are in better condition. These successes show that properly focused environmental policies can deliver real change. Our natural environment is under constant pressure and if it is to be protected as a resource for future generations, we need to take action now.

There are natural challenges specific to the North East of England that need to be considered, including the need to provide large scale biodiverse landscapes to mitigate the impact of climate change.

Going well

15 parks and open spaces have been awarded green flags: an increase on the previous year and the highest of all North East authorities. The Authority also has the highest number of cemeteries with green flags of any burial authority in the country.

The Council is a key delivery partner in various 'Landscape Scale' partnerships. These include:

- The North Pennines Area of Outstanding Natural Beauty (AONB) Partnership, helping to look after England's second largest AONB.
- The Limestone Landscapes and the 'Integrated Biodiversity Delivery Area'.
- The emerging Local Nature Partnership covering the Derwent Valley, Durham Coalfield and the Tees Plain.
- The Heart of Durham partnership, which in particular has enabled recovery of small pearl bordered fritillary butterfly populations

Cause for concern

- Changing weather patterns associated with Climate Change are expected to negatively affect habitats in Durham and the species they support
- Despite the excellent progress made by the North Pennines AONB Partnership and others, more investment is needed in our peatlands to ensure that they can keep providing their many benefits for society, including being our best natural store of carbon.

Did you know?

- We undertake biodiversity management and enhancement works on the Countryside Estate comprising 1200 hectares and 70 sites
- The Council is responsible for management of more than 700 Ha of Woodland.

- 30% of the North Pennines AONB is in County Durham and, through its support for the North Pennines AONB Partnership; the Council is backing the conservation of some of the country's most threatened habitats, including extensive peatlands and rare species-rich upland hay meadows.
- The County Council supports a hedgerow partnership to provide grants for the maintenance and promotion of this valuable environmental asset in the County
- The Heritage Coast Partnership comprises those with an interest in the coast between Hendon and Hartlepool, protecting and enhancing this fantastic coastline and promoting its use for quiet recreation. Our work was recognised through a Council of Europe Landscape Awards Special Mention during 2011. (www.durhamheritagecoast.org)

Look out for:

- The forthcoming Countryside Strategy, Green Infrastructure Strategy, Open Spaces Strategy and Heritage Coast Management Plan
- Opportunities to get involved in countryside volunteering across County Durham, and particularly in new programmes from the North Pennines AONB Partnership such as community archaeology project 'Altogether Archaeology' and community biodiversity recording / conservation project 'WildWatch'
- The Design and Conservation supplementary planning document which will set out the approach for design and conservation to be delivered through forthcoming County Durham Plan
- The 'Jubilee Woods' tree planting project, in celebration of Her Majesty Queen Elizabeth's historic 2012 Diamond Jubilee - where the County Council, in partnership with the Woodland Trust, CDENT and the Forestry Commission are planting 140 hectares of trees in the County

High level Action Plan

Action	Responsibility	Timescale
Support the development of Local Nature Partnerships and subsequent partnership action planning	Head of Planning and Assets	2012-14
Contribute to the development of emerging Local Area Delivery Groups and their associated action plans for groups including: <ul style="list-style-type: none"> • The Limestone Landscape Partnership • The Heart of Durham Landscape Partnership • Heart of Teesdale • The Derwent Valley and Pennine Fringe Partnership 	Head of Planning and Assets	2012-2014
Deliver a Tree Planting programme which will see 250,000 trees planted across the County by March 2014	Head of Planning and Assets	March 2014

4. Enhance, conserve and promote Durham's built environment

Our built environment is the place where most people both live and work. The appearance of our built environment is important but good design is about much more than how things look. It is about uplifting communities and transforming how people feel and behave. It is also about using resources effectively and imaginatively.

There is a need to plan for the future of our built environment. As our population ages, we need to make places more welcoming and inclusive, and ensure that they are designed for the convenience and the enjoyment of all age groups. In addition, the challenges of climate change demand that we fundamentally re-think the way we plan and design our built environment – both to mitigate climate change, by using local and sustainable materials in the actual build, whilst ensuring that energy use from the building is minimised through energy efficiency and renewable energy and to adapt, by ensuring that development is fully prepared for more extreme weather.

Going well

- Public realm works in Seaham were completed in 2011.
- A £2m programme of works to improve our industrial estates has been agreed to ensure they are better placed to support existing and new businesses in the future.
- Bishop Auckland town centre improvements are on schedule.
- In 2011, all of Durham City Homes' properties were made decent under the national decent homes standard, raising the standard of living across the 6,000 homes in the City area.

Cause for concern

- The number of new houses being built is much lower than in previous years which is impacting on the amount of investment in the built environment.

Did you know?

- The Council produces Conservation Area Character Appraisals for the County to ensure planning decision making promotes the conservation of these areas. These can be found on the Council's website after they have been agreed by Cabinet.
- The Council asks for contributions from developers of large sites to support the local built environment, in many cases this is spent on local community facilities such as play parks, the road network or on other local infrastructure.
- The Council has recently agreed a policy to restrict the way in which 'to let' signs can be displayed in Durham city to try to improve the quality of place in the City.

Look out for:

- Government proposals to change the way that developers are charged for new development (called the 'Community Infrastructure Levy'). This also affects how affordable homes are to be provided on new developments.

- The new National Planning Policy Framework (NPPF) from the Government which revises the current National Planning Policy. As Local Planning Authority we will implement the NPPF across the County.

High level Action Plan

Action	Responsibility	Timescale
Support the reduction of Buildings at Risk in County Durham through identifying works, possible grants and providing advice. Identify 12 sites over the next two years and work with owners to try and remove heritage sites from the risk list.	Head of Planning and Assets	March 2014
Manage promote and deliver an annual partnership programme of Heritage Open Days and enhance access to a quality environment for tourism provider and customer.	Head of Planning and Assets	September each year 2012-16
Develop proposals for Binchester roman fort including the submission of an HLF bid	Head of Planning and Assets	Dec 2013

5. Reduce waste

Over the last few decades, County Durham has provided a significant proportion of the Magnesia Limestone needed for major construction work and agriculture around the country, leading to the creation of numerous opencast quarry sites, which have been used as landfill sites to deposit much of the waste generated by people and organisations within the county. However, this relatively cheap and convenient means of waste disposal is increasingly becoming unavailable as new legislation places stringent environmental challenges on landfill management and the remaining quarries are filling up. Added to this the Landfill Tax Escalator is increasing annually by £8.00/tonne making the costs of landfill disposal prohibitive. The decomposing organic component of our land filled waste also emits landfill gases including methane which is some 23 times more damaging to the atmosphere than carbon dioxide.

There are various options for the treatment of waste but all treatment options have associated environmental impacts. The only real answer to reducing environmental impacts associated with waste treatment is to reduce the overall quantity of waste requiring treatment. European Directives, our National Waste Strategy and the most recent Governmental Waste **Policy** Review identify the urgent need to address the generation of waste from industrial production by dramatically increasing the use of recycled and recovered raw resources rather than reliance on newly extracted resources. Better use of recycled materials will preserve our scarce resources and provides environmental benefits including reduced air pollution and energy use.

Recycling also provides employment opportunities, encourages us all, as either residents, service users or organisations, to take more responsibility for waste. Any improvement activity in this area must therefore be carried out on a Partnership basis, where we are working with people, traders, manufacturers and organisations of Durham to reduce the amounts of waste we generate, recycle as much as possible and explore opportunities for re-use.

Going well

- Recycling rates have improved by 15% since 2009/10.
- The tonnage of Garden Waste collected has increased by 15% since 2009/10.
- The Furniture Re-use Forum has diverted 831 tonnes of furniture from landfill.
- The school battery recycling campaign.
- Countywide waste awareness messages are resulting in improved recycling rates and diversion of waste from landfill.

Cause for concern

- Across the County and the Country households are producing less waste, but this is probably connected to the economic downturn. When the economy recovers this may cause an increase in household waste.
- To avoid additional costs associated with the Landfill Tax Escalator, we need to reduce waste and recycle more waste each year.

Did you know?

Assisted Waste collections are available for residents who may experience genuine difficulties in placing their bin out for collection and do not have anyone to assist them.

We recycle our street sweepings, diverting nearly 4,500 tonnes from landfill and saving more than £350,000 over a 6 month period.

- We empty refuse/recycling containers over 18 million times a year
- We handled 239,189 tonnes of household waste and 268,000 of municipal waste during 2011-12.
- We re-used, recycled and composted 93,909 tonnes (39.3% of household waste) during 2011-12.
- We have distributed over 40,000 home compost bins across the County since 2002.

Look out for:

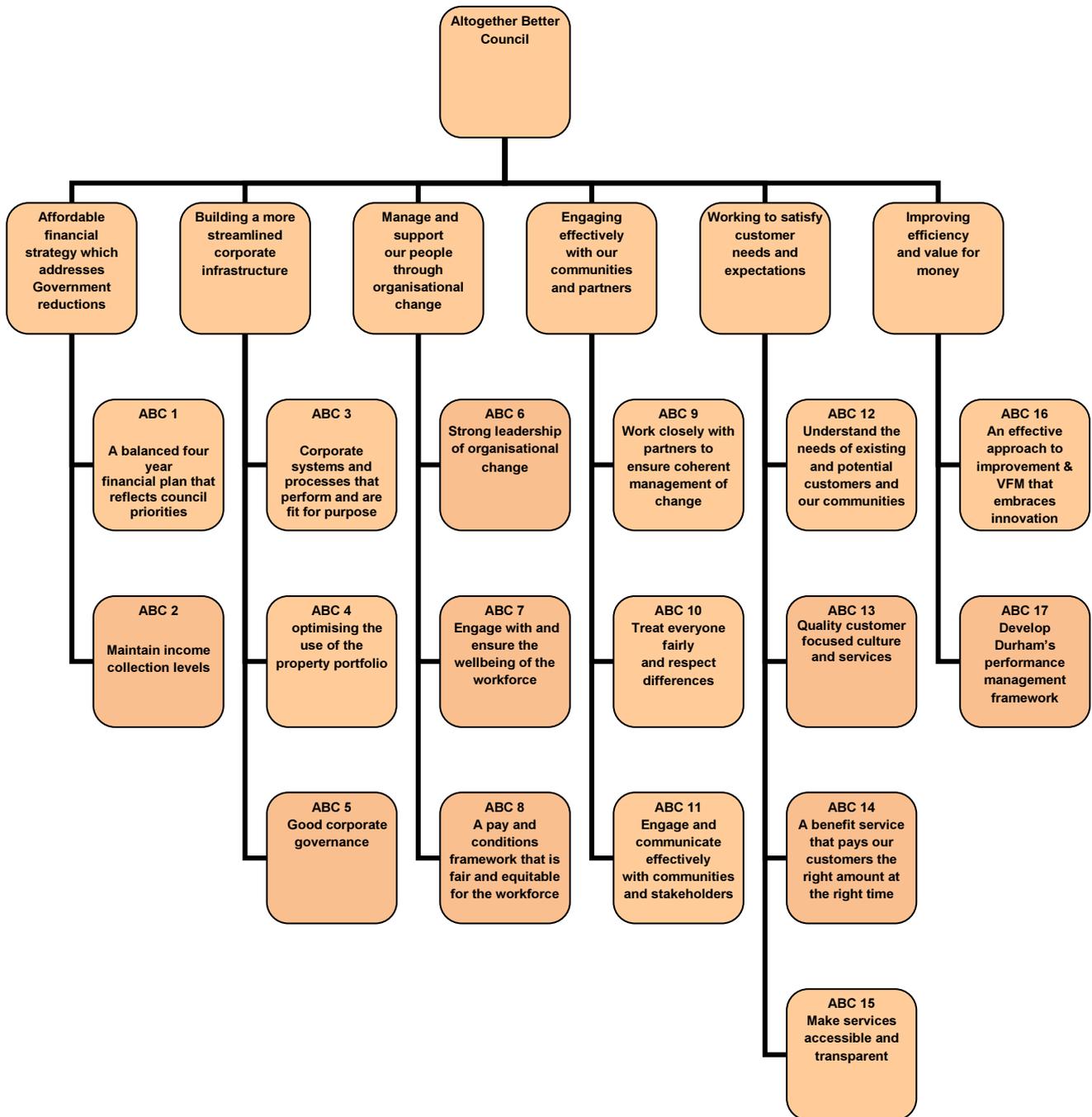
- Details of waste collections, changes to collections and seasonal promotions which can be found on our web site – www.durham.gov.uk on the 'waste news and events' page.
- Waste Campaigns in 2012 including:
 - North East Recycling Rewards - launched 1st December and runs to end of July 2012

- Real Nappy Week - 16th to 22nd April 2012
 - Compost Awareness Week -7th to 12th May 2012
 - World Environment Day -5th June 2012
 - Recycle Week - 18th to 24th June 2012.
- Changes to the household waste and recycling collection service with the implementation of a county wide alternate weekly collection service
 - Changes to the Trade Waste Service
 - A rationalised and harmonised Household Waste Recycling Centre (HWRC) Service

High level Action Plan

Action	Responsibility	Timescale
Design, communicate and implement harmonised alternative weekly collection across the county	Head of Direct Services	July 2012
Procurement of a Waste Treatment Solution	Head of Projects & Business Services	January 2013
Complete a procurement exercise to determine future options for council disposal of residual, recycling and composting waste	Head of Direct Services/Head of Projects & Business Services	May 2012
Carry out an options appraisal for separate collections of food waste	Head of Direct Services	March 2014

Altogether Better Council



This section of the Council Plan has undergone further change since last year. This is to ensure that our plans fully reflect the changes in the national picture. Past inspection and assessment formed a healthy independent framework for improvement activity and was often a catalyst for change. The Council is now developing its own approach to improvement. The overriding driver for this is the need to demonstrate value for money in the delivery of all of our services and to generate internal efficiencies to help mitigate some of the effects of the reductions in grant funding. Increased openness and transparency in public services is an underlying theme of the Government's programme along with the need for councils

to develop their own approach to self regulation via the Local Government Group Seven Point Offer that underpins self regulation and improvement. This new approach is already beginning to shape up into a portfolio of additional requirements being placed on local authorities. The emphasis on localism via the new Localism Act 2011 is also a key driver of the Government's policies and is going to lead to an increasing emphasis on community engagement and communication.

1. Affordable financial strategy which addresses government reductions

The council continues to face unprecedented levels of reduction in Government support over the medium-term with a second year of a very demanding Medium Term Financial Plan. Although the savings that the Council needs to achieve are substantial, we have worked to develop plans that underpin this requirement. The Council has agreed a strategy for making the savings where more than half of the required savings will be made through reductions in management costs, support services, efficiencies and increases to fees and charges so that the impact of reductions to frontline services are minimised.

Going well

- Quarterly performance monitoring of the Medium Term Financial Plan
- Timetable and plan for development work of revised Medium Term Financial Plan
- 100% of finance target achieved

Cause for concern

- Next steps following the delivery of the Year 2 financial settlement

Did you know?

- Durham achieved £66.4 million savings in 2011-12

Look out for:

- Year 3 public consultation

High level Action Plan

Action	Responsibility	Timescale
Ensure programme management of the delivery of the MTFP:		
<ul style="list-style-type: none"> • Ensure all year 2/3/4 (2012/13 – 20/14/15) proposals are captured in reporting database and full details provided of key activities and dates 	Head of Policy and Communications	By April 2012/13/14
<ul style="list-style-type: none"> • Ensure monthly updates provided to Corporate Management Team on progress and assurance issues 	Head of Policy and Communications	Monthly

<ul style="list-style-type: none"> Review reporting and assurance processes. 	Head of Policy and Communications	September 2012
<ul style="list-style-type: none"> Undertake a consultation exercise with all 14 AAPs on proposed budget reductions 	Head of Partnerships and Community Engagement	November each year 2012 to 2015
<ul style="list-style-type: none"> Quality assure Equality Impact Assessments for all MTFP key projects 	Head of Planning and Performance	December each year 2012-2015
Refresh and update the MTFP model to produce a balanced 2013/14 to 2016/17 position	Head of Finance – Corporate Finance	Feb 2013
Assess the impact of the Local Government Resource review upon the government funding received by the council	Head of Finance – Corporate Finance	December 2012
Review the operation of Single Person Discount for Council Tax	Head of Finance – Financial Services	November 2012
Review recovery procedures to encompass the potential impact of the new Local Council Tax support scheme	Head of Finance – Financial Services	March 2013

2. Building a more streamlined corporate infrastructure

The Council's Medium Term Financial Plan sets out the planned savings for the next 4 years, around a third of which will be achieved through reductions to management and support service costs. A number of planned savings reflect the further benefits to the Council of becoming a unitary authority and still having significant efficiency savings and modernisation opportunities. For example, consolidation of some of our computer systems onto a single platform following local government reorganisation will allow us to achieve some significant efficiency savings. The implementation of the Council's Accommodation Strategy also aims to achieve reductions in premises costs which will deliver a net saving.

Going well

- An unqualified Value for Money conclusion from Audit Commission.

Cause for concern

- Due to the current state of the economy the Council may not realise all of its planned capital receipts from the sale of its surplus assets.

Did you know?

- The Council has introduced a 'Buy Local Buy Durham' procurement initiative to support the local economy.

Look out for:

- Regular performance reports on big council projects.

High level Action Plan

Action	Responsibility	Timescale
Connecting the organisation: <ul style="list-style-type: none"> • Provide equipment and telecommunications in line with the agreed telephony strategy and agreed milestones • Deliver the telephony strategy implementation plan in line with the project plan 	Head of ICT	Throughout 2012/13 March 2013
Improve performance of processing Invoice payments via the Procure to Pay Review within the 30 day target set	Head of Finance – Financial Services	March 2013
Identify and develop solutions in line with requirements identified in the ICT Prioritisation process	Head of ICT	April 2013
Ensure the electoral team is fully prepared and able to execute compliant elections: <ul style="list-style-type: none"> • Police and Crime Commissioner • County Council and Parish Councils • European elections • Parliamentary elections 	Head of Legal and Democratic Services	November 2012 May 2013 June 2014 May 2015
Complete the Single Asset Register to include all the County Council assets not included as part of Phase 1 of the project. These are Housing, Vehicles, Plant and Equipment and Infrastructure assets.	Head of Finance – Corporate Finance	December 2012
Support the Council's accommodation strategy through the deployment of mobile home working in line with service requirements	Head of ICT	Throughout 2012/13

Provide ICT solutions to support customer sites through the development of connectivity and service delivery tools to support the Council's accommodation strategy.		Throughout 2012/13
Increase availability of technology across the county by developing the Digital Durham programme for next generation broadband delivery to all areas of the county		March 2015
Support education and learning through the development of a new Learning Gateway that will be established in partnership with ItWorx for the BSF schools		December 2012
Effective management of the County Council's assets	Head of Planning and Assists	March 2016
<ul style="list-style-type: none"> • Completion of Service Management Plans • Manage the Disposal Strategy to ensure delivery of £12m over 3 years 		September 2012 March 2014
Deliver of the County Council accommodation strategy to meet the needs of the Council and the residents/businesses	Head of Economic Development and Housing	March 2016

3. Manage and support our people through organisational change

The Authority is undergoing dramatic change over the medium term, mainly due to the challenge we face in having to find savings as a result of reductions in government grant support. The Council estimated that it needed to lose 1,600 full-time equivalent posts from its establishment during the period 2011/2012 to 2014/2015 to help us meet our savings targets. Expressions of interest in early retirement, voluntary redundancy and flexible working were invited from all employees from across the Council in order to minimise the impact of the significant savings that were required. We will continue to engage with the workforce in helping us to manage and implement the necessary changes and that we develop an organisational development plan which reflects these changes. The council is also working towards implementing job evaluation which will introduce a new equitable pay and reward structure.

Going well

- The Council has retained its Investors in People status.
- The introduction of an employee and managers support programme.
- Improved performance in relation to redeployment and retention of the workforce.
- Flexible working arrangements.

Cause for concern

- Wider industrial relations.

Did you know?

- There has been an increase in the number of people who have moved to term time working or flexible retirement.
- The council employs almost 22,000 members of staff.
- Numbers of staff attending employee support programme have increased.

Look out for:

- A new pay and grading structure following job evaluation.

High level Action Plan

Action	Responsibility	Timescale
Introduce a 360° appraisal process for managers aligned to the generic managerial and leadership competency framework	Head of HR and Organisational Development	April 2012
Measure the effectiveness of the workforce health interventions through surveys	Head of HR and Organisational Development	March 2013
Review and baseline all health and safety policies and methods of delivery to evaluate against statutory compliance	Head of HR and Organisational Development	March 2013
Implement a new pay and grading structure appropriate to the council's requirements	Head of HR and Organisational Development	July 2012

Under take an internal communications review:	Head of Policy and Communications	
<ul style="list-style-type: none"> • Review existing channels through: <ul style="list-style-type: none"> - focus groups - survey of staff 		May 2012
<ul style="list-style-type: none"> • Develop an internal communications strategy incorporating new intranet site and options for social media 		August 2012
<ul style="list-style-type: none"> • Implement revised strategy 		April 2013

4. Engaging effectively with our communities and partners

Effective engagement with local residents has been a key focus for Durham County Council since local government reorganisation, and our 14 Area Action Partnerships across the county are key to achieving this. The Government is also placing a great emphasis on connecting with communities through the Localism Act 2011. This will give councils a general power of competence and residents will also be given the power to instigate referendums on any local issue. They will also be able to veto excessive council tax increases. The Act will also provide new power to residents to help save local facilities and services threatened with closure and give voluntary and community groups the right to challenge the council over service provision.

It is also critical that we maintain a focus on effective partnership working within the changing national context, in particular working through the County Durham Partnership to ensure integrated delivery of public services across the county.

The council also continues to respond to the requirements of the Equalities Act 2010. A new single equality duty, applied from 2011, extended equalities legislation to the areas of age, faith, sexual orientation, transgender, pregnancy and maternity, marriage and civil partnerships, in addition to the already protected areas of gender, race and disability. The Council has undertaken all required Equality Impact Assessments to adhere to its Public Sector Quality Duty also included within the Act.

Going well

- The role of Area Action Partnerships in consultation and communications.
- Consultation on the Council's Medium Term Financial Plan.
- Over 91 per cent of stories in the press monitored by the media team are either balanced or positive about DCC.
- The media team deal with well over 200 press enquiries every month.
- Achieved a 3 star SOCITM rating for the Council's website.
- All 14 AAP statistical profiles produced.

Did you know?

- Gypsies and Travellers represent the largest ethnic minority group living in County Durham, accounting for about 0.5% of the local population
- Our Record Office at County Hall holds archives which reflect the life and work of County Durham over the past 900 years
- Our approach to informing local communities about civil contingencies has won national plaudits and acclaim in relation to flood defences.

Cause for concern

- Changes in health delivery arrangements.

Look out for:

- Looking Local (Digital TV) and BDUK (Broadband Delivery UK).

High level Action Plan

Action	Responsibility	Timescale
Review the County Durham Partnership and implementation of CDP board action plan	Head of Partnerships and Community Engagement	July 2012
Implement the results of the AAP Scrutiny Review:	Head of Partnerships and Community Engagement	
<ul style="list-style-type: none"> • Produce Action Plan based on 14 recommendations 		April 2012
<ul style="list-style-type: none"> • Report back to O&S on action and progress of sub-groups 		April 2012
<ul style="list-style-type: none"> • Commence 2nd O&S review for AAPs 		September 2013
Develop a new Sustainable Community Strategy:	Head of Partnerships and Community Engagement	
<ul style="list-style-type: none"> • Review Commences 		April 2012
<ul style="list-style-type: none"> • Complete work with thematic partnerships 		November 2012
<ul style="list-style-type: none"> • Report to Cabinet 		March 2013
Develop an Access Strategy for local buildings and open spaces	Head of Planning and Performance	
<ul style="list-style-type: none"> • Strategy finalised 		March 2013

<ul style="list-style-type: none"> • Complete a minimum of 10 Access Plans per year • Provide specific advice and guidance 		<p>March 2013 and annually thereafter</p> <p>A minimum of 2 Briefing Sessions per year commencing 2012/13</p>
<p>Develop a Social Media Strategy</p> <p>Implement strategy</p>	<p>Head of Policy and Communications</p>	<p>August 2012</p> <p>April 2013</p>
<p>Implement a Community Buildings Strategy</p> <ul style="list-style-type: none"> • Distribute expressions of interest applications to community buildings • Capital work commences on first round of asset transfers • Progress review of community buildings strategy 	<p>Head of Partnerships and Community Engagement</p>	<p>May 2012</p> <p>January 2013</p> <p>March 2013</p>
<p>Undertake a series of internet improvements including:</p> <ul style="list-style-type: none"> • Agree Improvement plan for 2012/13 • Revamp of DCC website homepage and information pages • Improvements and development of new web systems • Development and rollout of online payment system for major council transactions 	<p>Head of Policy and Communications</p>	<p>April 2012</p> <p>October 2012</p> <p>April 2013</p> <p>August 2013</p>
<p>Develop data services in line with a changing agenda for Education and Health by reviewing data requirements and developing a marketing strategy for provision of data services.</p>	<p>Head of Early Intervention and Partnership Services</p>	<p>August 2013</p>
<p>Expand the community engagement approach developed in Chester West and Sherburn Road to other areas of County Durham.</p>	<p>Head of Early Intervention and Partnership Services</p>	<p>March 2013</p>

5. Working to satisfy customer needs and expectations

The Council has agreed a Customer First Strategy and implementation plan. The strategy aims to understand our customers better and to further embed a customer focussed culture throughout the organisation. The Council will explore ways to improve access and information through the use of its website, new communications media like telly talk, digital TV and mobile phones. We have also sought to improve service delivery through the agreement of customer service standards, improvements to our complaints system and assessment of our service performance.

Going well

- Harmonisation of contact centres and ability to manage peaks and troughs in demand
- Concluded complaints review and revised approach as a result

Cause for concern

- Customer needs changing due to economic climate
- We did not meet our targets for processing benefit claims during 2011-12 as a result of implementing our new benefits ICT system

Did you know?

- The Council has opened three new access points this year in Seaham, Consett and Stanhope and will open a further three next year
- We have improved accessibility to 6 more contact points
- Paypoint card for cash requests have been introduced into Post Offices
- We have undertaken the largest implementation of a new Revenues and Benefits System in the country

Look out for:

- Looking Local and Durham Talk newsletter
- Improved processing speeds for applications for Housing Benefit and Council Tax Benefit from our single benefits ICT system

High level Action Plan

Action	Responsibility	Timescale
Develop and implement a consistent service delivery model, for customer facing services across the authority, to ensure that customers can access consistent levels of service at all access points and contact centres	Customer Services Manager in conjunction with Heads of Service	March 2014

Develop the necessary policy and operational/system changes to deliver the:	Head of Finance – Financial Services	
• Amended Housing Benefit Rates		31 March 2012
• Localisation of Council Tax Benefit		March 2013
• Universal Credit		March 2017
Carry out a scoping exercise to develop a future approach for Council in relation to improvement and change of the anti poverty and welfare reform agenda.	Overview and Scrutiny Manager	March 2012
Lead the development, implementation and analysis of the first Regional Residents Perception Survey.	Head of Planning and Performance	
Survey complete		July 2012
Results available and disseminated to all stakeholders		October 2012
Lead council wide response to Government’s transparency agenda:	Head of Planning and Performance	
• Implement the Code of Recommended Practice for Local Authorities on Data Transparency found at www.communities.gov.uk through the development of a series of web pages		March 2013

6. Improving efficiency and value for money

We aim to gain a better understanding of our costs and how they relate to performance in comparison with other service providers. This will require us to develop our own arrangements for obtaining quality comparative data following the abolition of the National Indicator Set. We have developed a new performance management framework now that we do not have to report to government on National Indicators. This gives us the opportunity to design something that satisfies local needs. One of the key issues for the council will be the necessity for us to achieve efficiency savings in order to meet the commitments in our Medium Term Financial Plan.

Going well

- The annual performance assessment for adult’s social care is ‘excellent.’
- The annual performance assessment for children’s services has been upgraded to ‘good.’

Cause for concern

- Due to the abolition of the National Indicator set there are no readily comparative performance data available.

Did you know?

- Each service now has its own Value for Money Programme
- The council is now reporting on its own Performance Management Framework following the abolition of the National Indicator Set.

Look out for:

- Peer Challenge in the next three years

High level Action Plan

Action	Responsibility	Timescale
Unitisation of HR: <ul style="list-style-type: none">• Employees appointed to the unitised structure• Measure the effectiveness and value for money of the new HR Service Delivery Model	Head of HR and Organisational Development	April 2012 March 2013
Improve programme management by corporate assurance of projects <ul style="list-style-type: none">• Ensure all projects are scoped and reporting requirements established• Ensure monthly updates provided to CMT on projects and assurance issues	Head of Policy and Communications	By April 2012 Monthly
Streamline corporate performance management: <ul style="list-style-type: none">• Develop an Escalation Procedure for service based indicators and actions• Implement LG Inform to enhance performance reporting	Head of Planning and Performance	April 2012 December 2012
Prepare for a possible Peer Challenge exercise <ul style="list-style-type: none">• Agree scope of peer review• Develop a preparation plan for the Peer Review• Develop a Peer Challenge Self Assessment	Head of Planning and Performance	April 2012 June 2012 June 2012

County Council

22 February 2012



**Proposals for the Implementation of
new Pay and Grading Arrangements
for Council Employees**

**Report of Don McLure, Corporate Director, Resources
Councillor Alan Napier, Deputy Leader and Cabinet Portfolio Holder,
Resources**

Purpose of the Report

- 1 The purpose of this report is to:-
 - Propose changes to pay and grading arrangements for all employees engaged under National Joint Council (NJC) Terms and Conditions of employment
 - Update on the proposed changes to support the above, following negotiations with recognised Trade Unions through the Council's Partnership Agreement.

Background

- 2 The 1997 National Single Status Agreement for Local Government set in place a national agreement to harmonise the pay arrangements of Local Government workers who had previously had separate pay arrangements and service conditions. The employees covered by this agreement were those engaged under terms and conditions which are negotiated by the National Joint Council (NJC) for Local Government Services. (Sometimes referred to as 'Green Book' employees).
- 3 Prior to Local Government Review (LGR), each local authority in County Durham had approached the implementation of this agreement in a different way and had different arrangements for remunerating their employees. Considerable organisational change has taken place since LGR and the former eight authorities have successfully integrated into one single Unitary Council.
- 4 The Council agreed on the 26 October 2011 to commence formal Trade Union negotiations on the implementation of Job Evaluation and other changes to allowances and terms and conditions of employment. Successful implementation of job evaluation would not only demonstrate and strengthen the Council's drive to promote and encourage equality across its workforce, but would also help facilitate the way in which we operate as an organisation by being more efficient, flexible, responsive and cost effective.

Scope

- 5 As detailed in paragraph 2 of this report the Single Status Agreement is applicable to all employees covered by 'Green Book' pay and conditions. This includes former manual employees as well as the majority of administrative, professional, technical and clerical staff, together with school based support staff.
- 6 Those employees paid above Spinal Column Point (SCP) 49 of the national agreement are not covered by the proposed changes within this report. However, other options covering that group of employees are being considered and will be reported upon separately.
- 7 There are other groups of employees covered by agreements which are not part of this particular national agreement. These groups include former 'Craft' employees, Soulbury (teaching) and Youth & Community graded employees.

Trade Union Engagement

- 8 In April 2009, a Partnership Agreement was signed between the Council and Trade Unions in recognition of the requirement for joint working. The agreement highlighted the need for constructive partnership between Elected Members, Managers, Employees and Trade Unions.
- 9 It is pleasing to report that the local Trade Unions have been actively engaged in the job evaluation process and in the development of supporting policy documentation throughout the project.
- 10 The Local Trade Unions have also demonstrated a real commitment to the negotiation process since Council approval on 26 October 2011, this was set against difficult, changing and challenging times for the Council and the public sector in general.

Progress to Date

- 11 To date the following stages of the project have been undertaken:-
 - (i) A review of the current pay and grading structure, using the National Joint Council for Local Government computerised (Gauge) Job Evaluation Scheme (based on a scored assessment of the scope/responsibilities of each role).
 - (ii) Review of other terms and conditions through local negotiation with Trade Unions (sometimes known as Part 3 of the Green Book).
- 12 The above process has involved:-
 - Managers reviewing all Job Descriptions with staff representatives and Trade Union colleagues
 - Over 2,200 Job Record Documents (JRD's) developed and evaluated to create a 'rank order' of jobs covering around 12,000 employees

- The validity of the data collected through JRDs being checked through a moderation process that has involved working with service groupings to clarify JRD information and understanding of roles
 - The design of a new pay structure
 - Negotiation with Trade Unions on both the outcomes of job evaluation and proposed changes to terms and conditions of employment
 - Ongoing and regular communication with employees.
- 13 Negotiations with the Trade Unions commenced immediately following Council approval on 26 October 2011. During the three months since, regular discussions have taken place with Trade Union colleagues.
- 14 Running in parallel to the Trade Union negotiations, further organisational changes and moderation of job evaluation results have been taking place and now show that 80% of employees will see either an increase in basic pay or their pay staying the same. In detail:-
- 52% of employees will see their basic pay staying the same
 - 28% of employees will see an increase in basic pay and
 - 20% will see a decrease in basic pay.
- 15 It is acknowledged by Trade Unions that having reviewed the proposals in relation to basic pay, there is a broad understanding and acceptance relating to the basic pay for the workforce outcomes.
- 16 However, some key concerns did initially exist for the Trade Unions when the impact of the proposals in relation to the new set of simplified allowances and enhancements were considered alongside basic pay. It was around the proposed new allowances that the key discussions centred with Trade Union colleagues, where the Council's objective was to reach a joint position where the Council as employer and Trade Unions could enter into consultation with the workforce on a joint package of proposals.
- 17 After some concessions being offered from the original proposals, management and Trade Unions are agreed upon key elements of a package of proposed changes to put to the workforce.
- 18 Together with the basic pay outcomes, the proposed allowance arrangements will be the basis for feedback from National Trade Union Offices with a view to balloting their members.
- 19 By means of the local Partnership Agreement, Management and Trade Unions have agreed, in principle, to a package of measures that will change some terms and conditions affecting those employees covered by the NJC. Without doubt, local bargaining has proved to be a major step forward and the 'in principle' agreement reached to date is a significant milestone. Trade Unions locally have notified their appropriate national offices on the agreed outcomes and further information will be provided when available in this regard.

Summary of the Proposals

- 20 Pay and Grading

- A pay structure made up of 14 grades, interlinked and overlapping, as shown at Appendix 3
- Each grade containing a minimum of 5 levels
- All staff on incremental progression (within the grade for their role and where the grade allows)
- All jobs within the Local Government Services ('Green Book') within one pay structure and graded using the National Joint Council (NJC) Job Evaluation Scheme
- A clear and transparent approach to management of employee appeals which arise as a result of the new pay and grading structure
- A pay protection policy which provides 2 years protection of base pay
- The retention of allowances as outlined at Appendix 2.

21 Revised Arrangements to Other Terms and Conditions of Employment:-

- The removal of Essential Car User Allowance and a rate for casual car user of 48p per mile up to 10,000 miles and 25p per mile beyond this
- A standard working week of Monday – Friday 6.00am – 8.00 pm
- A single premium payment of time and a third for overtime and hours worked outside of the standard working week for employees below the new Grade 9 (£26,276)
- No change to bank holiday working arrangements remaining as per current 'Green Book' arrangements
- Annual leave of 26 days rising to 31 days after 5 years continuous Local Government service
- The ability to negotiate flexible working arrangements where required for the purpose of business needs.

Employee Engagement

22 Employees have been kept informed through regular Employee Communication Bulletins, and through Corporate Management Team road shows. It is intended that this process will continue as we progress through to implementation.

23 Managing the implementation process will be a critical task because of the need to ensure that all employees are aware and understand the proposed changes and that appropriate support and guidance is available. This will be done via a package of supporting materials and helpline facility.

Financial Considerations

24 The current annual pay bill, including national insurance and pension contributions of the employee groups included in this project amounts to £230m.

25 Based on the key elements of the proposed changes agreed with the Trade Unions the additional costs that would be incurred over the next four years are as follows:-

- Costs increase on an annual basis as staff receive an additional increment. A large proportion of staff will be placed on the bottom of a new grade in the new pay structure

- Costs reduce in Year 3 as the two year pay protection period will have ended
- The permanent, ongoing cost to be incurred by the Council is from Year 4 and is forecast to be £6.7m.

Year	Additional Cost of Basic Pay	Cost of Holiday Entitlement	Saving from Review of Part 3 Enhancement	Annual Cost	Budget Envelope	(Surplus)/ Deficit
	£m	£m	£m	£m	£m	£m
1	5.4	0.5	(2.7)	3.2	6.5	(3.3)
2	9.1	0.5	(2.6)	7.0	6.5	0.5
3	6.3	0.5	(2.6)	4.2	6.5	(2.3)
4	8.7	0.5	(2.5)	6.7	6.5	0.2
Total	29.5	2.0	(10.4)	21.1	26.0	(4.9)

- 26 The permanent, additional cost to be incurred by the Council from Year 4 is forecast to be £6.7m. In addition, there would be an estimated shortfall in the MTFP due to car mileage being agreed at 48p per mile rather than 45p per mile would be £290,000, which would need to be covered off from the MTFP contingency budget or from additional savings.

Impact on Employees

- 27 Information relating to outcomes of job evaluation exercises provided from the National Employers Organisation, highlights that those in care type roles are more likely to see an increase in their basic pay as a result of the exercise, with the highest proportion of employees likely to see a decrease or remaining the same coming from some of the professional and technical areas. These results locally also reflect the national picture in this respect.
- 28 Due to differences in basic pay between former Districts and between the County Council, we will be faced with a situation where the outcome for some employees within the same workgroups impacts differently on their existing pay when new rates are set.

Equality Impact Assessment

- 29 There are general equality impacts associated with the proposed implementation of job evaluation and review of associated terms and conditions of employment. The equality impacts of the proposal on each characteristic were identified through research into the current workforce affected by the proposals. The Equality impact assessment is attached at Appendix 4.
- 30 The most likely impact is in relation to gender where more women are likely to gain than men due to the overall aim of removing past inequalities and the historical nature of some allowances related to male dominated roles. Analysis of the impact of job evaluation shows that a higher proportion of the male workforce (28%) would see a decrease in basic pay compared to 16% of the female workforce.
- 31 The recommendations on a standard working week, premium payment of time and a third and retaining bank holiday arrangements will have a positive impact

for staff across all protected characteristics but are more likely to benefit lower paid staff, many of whom are female. For example, female staff in carer roles who work patterns based on 24 hour/7 day week would retain bank holiday allowances and benefit from premium payments outside the standard working week.

- 32 Analysis of age impact shows that a greater proportion of younger and older employees may gain from pay structure changes relative to their size in the workforce. There is no evidence of age impact in relation to allowances as they are not based on length of service or career graded posts. Whilst harmonising annual leave arrangements will benefit staff from all protected groups it is also likely to have a particular positive impact for younger staff who joined the authority under current arrangements which limit maximum leave to 27 days for some staff.
- 33 Impact on disability and race were analysed using workforce data and are not likely to be negative. Initial evidence suggesting a potential negative for Asian and Asian British staff was tested against the wider workgroup and found no differential impact. Information relating to sexual orientation or religion/belief is limited due to the relatively recent introduction of monitoring for these characteristics but there is no evidence of a specific impact for staff on these grounds.
- 34 The current impact assessment is predictive, and will continue to be updated where evidence becomes available from staff or Trade Union consultations before proposals are finalised with the workforce.

Next Steps

- 35 It will be necessary to continue to work with Trade Unions to support relevant discussions with national offices. The timing of any proposed ballot of their members by Trade Unions will influence the specific dates that employees will be notified of their own personal outcomes in writing.
- 36 A range of activities will be progressed concurrently to ensure that detailed elements of the proposal are finalised with Trade Unions. These will include:-
- The key policy documents pertaining to the appeals process, protection of earnings and disclosure will be finalised and agreed
 - The options for joint Trade Union and employer communications to employees will be considered and agreed where possible
 - Outstanding evaluations as a result of ongoing organisational restructuring will be progressed to completion
 - Equality Impact Assessment will be updated against all the proposed changes until the workforce proposals are finalised.

Recommendations

- 37 The Council is recommended to:-
- Agree the proposals with regard to the implementation of a new pay and grading structure for all employees covered by the 'green book' pay and conditions of employment

- Agree to proposals being communicated to employees on an individual basis
- Agree that, subject to further Trade Union discussion, employees are informed of outcomes in May 2012
- Agree that implementation will take effect at a date to be agreed with Corporate Management Team, during 2012.

**Contact: Kim Jobson – Head of Human Resources & Organisational
Development – Tel: 0191 383 3240**

Appendix 1: Implications

Finance

The financial implications are included in the main body of the report.

Staffing

The proposed scheme will have an impact, on employees who are in posts identified as green or red. For those identified as being in the red category and for others who are dissatisfied with their evaluation, there is an appeals process.

Risk

Not implementing the scheme will continue to expose the council to risk of continuing tribunal cases based upon equal pay legislation.

Equality and Diversity/Public Sector Equality Duty

A predictive equality impact assessment has been undertaken and is referenced within the report. This will be revised in the light of the consultation. The aim of job evaluation is to ensure as fair as possible equality of treatment free from unlawful discrimination.

Accommodation

No particular implications in this report.

Crime and Disorder

No particular implications in this report.

Human Rights

No particular implications in this report.

Consultation

The purpose of the report is to commence a consultative process.

Procurement

No particular implications in this report.

Disability Issues

No particular implications in this report, reasonable adjustments were included in the job evaluation process and disability is included in the equality impact assessment.

Legal Implications

The aim of implementing job evaluation is to implement a fair means of judging rates of pay for work. The NJC scheme is designed to “incorporate the principle of equal pay for work of equal value”. Failure to implement a scheme leaves the council vulnerable to further and continued litigation based upon equal pay legislation.

Appendix 2

ALLOWANCES TO BE RETAINED SUBJECT TO REVIEW

Overtime
Subsistence and Travel Allowances
Acting Up Arrangements – Honoraria
Designated First Aid Payments
Stand-By
Call Out
Night Work
Residential 'Sleep-ins'
Lettings Allowance
Practice Teacher Payments for Social Workers
Emergency Duty Allowance
Secure Unit Allowance

Appendix 3

Proposed Grading Structure

Grade	Min Score	Max score	From SCP	To SCP	MIN	MAX
1	0	280	4	11	£12,145	£14,733
2	281	305	9	13	£13,589	£15,444
3	306	324	12	16	£15,039	£16,440
4	325	357	15	19	£16,054	£17,802
5	358	402	18	22	£17,161	£19,621
6	403	418	21	25	£19,126	£21,519
7	419	459	24	28	£20,858	£23,708
8	460	477	27	31	£22,958	£26,276
9	478	509	30	34	£25,472	£28,636
10	510	553	33	37	£27,849	£30,851
11	554	582	36	40	£30,011	£33,661
12	583	605	39	43	£32,800	£36,313
13	606	624	42	46	£35,430	£38,961
14	625		45	49	£38,042	£41,616

Equality impact assessment

Durham County Council – Altogether Better equality impact assessment form

NB: Equality impact assessment is a legal requirement for all strategies plans, functions, policies, procedures and services. We are also legally required to publish our assessments.

You can find help and prompts on completing the assessment in the guidance from page 7 onwards.

Section one: Description and initial screening

Section overview: this section provides an audit trail.

Service/team or section: Human Resources and Organisational Development

Lead Officer: Iain Herdman

Start date: 13.6.2011

Reviewed 18.10.2011; 21.12.2011

Subject of the Impact Assessment: (please also include a brief description of the aims, outcomes, operational issues as appropriate) : **Impact of Job Evaluation outcomes**

1. The Single Status agreement was agreed by the National Joint Council for Local Government services and applies to all UK local authorities and organisations with equivalent status. The purpose of the Government's Single Status agreement, which was devised in 1997, is for Councils to harmonise pay and conditions of service. The agreement also includes responsibilities towards conducting Equality Impact Assessments and Equal Pay reviews.
2. An integral part of the Single Status agreement is the development of pay and grading structures based on a structured job evaluation process which will inform the development of pay and grading structures for the Council.
3. Durham County Council's proposals relating to pay and conditions (single status) will affect all employees of Durham County Council under the following terms and conditions of employment:

- 'Green book' - the proposals will apply in full

The aim of the Pay and Conditions Project (Single Status) is to;

- achieve better equality of pay across ex-manual grade staff and officer grade staff, using a single pay and grading structure and a universal job evaluation scheme

- address the inequality of men and women's pay who are undertaking work of a similar or equal value within the Council
- reduce and harmonise the number of allowances and premium rate payments being used and ensure that those remaining are equally applied

The Council commenced consultation/negotiation on Single Status with Trades Unions in October 2011 including the new pay and grading structure; proposals for progression; job evaluation, assimilation and appeals process and prior to this we had embarked on a process of regular consultation in relation to the general approach of the Council in relation to job evaluation and review of allowances (part 3 terms and conditions).

The evaluation process utilised by the Council uses the nationally agreed NJC scheme and the computer based system provided by Gauge. The nationally agreed NJC scheme is recognised by Trade Unions and the use of the computerised evaluation process removes subjectivity evident within paper based evaluation systems.

Outcomes, whilst not certain at this point in time due to negotiations over both the proposed new pay and grading structure and part 3 allowances, will ultimately consist of 3 scenarios:

- Employees who experience a reduction in their total reward package (base pay and allowances)
- Employee whose total reward package (base pay and allowances) remains as it is now.
- Employee who experience an increase in their total reward package (base pay and allowances).

It is more difficult to assess outcomes for individuals and groups from the review of allowances, (part 3 terms and conditions). The amount of monetary value received by employees can be linked, for example, to amount of overtime worked which can fluctuate from week to week i.e. it does not remain static and where this is the case an accurate assessment of the impact of any proposals becomes more difficult.

There are however allowances which can be assessed due to the more static nature of their payment and this assessment has tested those particular areas, the details of which are provided within section 2 of this document.

Who are the main stakeholders: General public / Employees / Elected Members / Partners/ Specific audiences/Other (please specify) –
Employees/Managers(as employers)/Elected Members/Trade Unions

Is a copy of the subject attached? Yes: report to Council 22.2.2012
If not, where could it be viewed?

Initial screening

Prompts to help you:

Who is affected by it? Who is intended to benefit and how? Could there be a different impact or outcome for some groups? Is it likely to affect relations between different communities or groups, for example if it is thought to favour one particular group or deny opportunities for others? Is there any specific targeted action to promote equality?

Is there an actual/potential negative or positive impact on specific groups within these headings?

Indicate :Y = Yes, N = No, ?=Unsure

Y – Potential negative and positive impacts

Gender	Y	Disability	Y	Age	Y	Race/ethnicity	Y	Religion or belief	?	Sexual orientation	?
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How will this support our commitment to promote equality and meet our legal responsibilities?

Reminder of our legal duties:

- Eliminating unlawful discrimination & harassment
- Promoting equality of opportunity
- Promoting good relations between people from different groups
- Promoting positive attitudes towards disabled people and taking account of someone's disability, even where that involves treating them more favourably than other people
- Involving people, particularly disabled people, in public life and decision making

This will support our commitment to eliminate discrimination and advance equality as the proposal

- Removes inequalities in the way in which allowances are paid across the Council
- Removes inequalities in the way in which pay and grading decisions are made across the Council

There are potential impacts in relation to all equality characteristics due to the size of the workforce and the range of jobs. The potential impacts may be negative (e.g. overall reduction in reward package) or positive (e.g. more equal terms and conditions or increased reward package). The most likely impacts relate to gender. Whilst the workforce within the Council is predominantly female, allowances are more prevalent within the male part of the workforce and therefore any move to harmonise and simplify payments is likely to have more of a detrimental impact upon this workgroup.

Some disabled employees may require reasonable adjustments to the process, for example, accessible communications will ensure the Negotiation Process is inclusive. Communications will be available in different formats – also aiming to use Plain English as far as possible.

What evidence do you have to support your findings?

Workforce data which includes employees on and below SCP 49.

The job evaluation exercise has provided a profile of staff who are proposed as likely to gain ('green circles') and those who are

likely to have their grade reduced ('red circles'). This data was used to carry out the full impact assessment. All affected people will be given the opportunity to raise their concerns via staff and trade unions consultation. Consultation responses will be used to update the final impact assessment.

Decision: Proceed to full impact assessment – Yes **Date:21/12/2011**

If you have answered 'No' you need to pass the completed form for approval & sign off.

Section two: Identifying impacts and evidence- Equality and Diversity

Section overview: this section identifies whether there are any impacts on equality/diversity/cohesion, what evidence is available to support the conclusion and what further action is needed.

	Identify the impact: does this increase differences or does it aim to reduce gaps for particular groups?	Explain your conclusion, including relevant evidence and consultation you have considered.	What further action is required? (Include in Sect. 3 action plan)
Gender	<p>a) With regards to job evaluation and the relationship this element of the project has on basic pay i.e. increase and/or decrease it is more likely that men are to be affected by decreases.</p> <p>Whilst a detrimental impact on men this serves to reduce the current pay gap between male and female employees covered by this exercise.</p> <p>b) The review of associated terms and conditions of employment (part 3 arrangements) is in the main a more complex impact to predict.</p> <p>Current proposals outline</p>	<p>a) Although women make up a greater proportion of the workforce, (65%) initial analysis shows that proportionately more men will see a decrease in basic pay compared to women covered by this exercise.</p> <p>28% (824 employees) of the male population compared to 16% (887 employees) of the female population are identified as seeing a decrease in basic pay.</p> <p>b) Analysis of the proposals to remove IOA and bonus payments highlights that these are almost exclusively paid to male employees.</p> <p>When considering the wider part 3 proposals although, as stated, women make up a larger proportion of the</p>	<p>Continue to monitor the impact of JE outcomes on gender throughout the negotiation process</p> <p>Identify any 'patterns' and address gaps (if applicable).</p> <p>This will provide a measure of fair treatment under the new policy.</p> <p>Review of allowance proposals as mitigating work in respect of total pay impacts.</p> <p>Ensure that the impact of the review of allowances on</p>

	<p>the intention to remove interim operational allowances (IOA) and bonus payments which is more likely to affect male employees.</p> <p>Whilst a detrimental impact on male employees this proposals serves to reduce current inequalities in the way in which allowances are paid to all employees.</p>	<p>workforce the current data illustrates that proportionately more men will see a decrease in total pay compared to women covered by this exercise.</p>	<p>gender is monitored throughout the negotiation process</p> <p>Action Plan of consultation process ongoing.</p> <p>Ensure women taking maternity leave and staff taking parental or adoption leave or long term sickness are involved and informed to allow fair access to the process.</p>
Age	<p>a) The impact on basic pay as a result of job evaluation is likely to have a positive impact in reducing any potential discrimination on groups of younger and older workers.</p> <p>b) The review of allowances is not likely to increase or reduce any differences within this characteristic.</p>	<p>a) The positive impact results from increases in proposed average base pay levels for employees aged between 18-24 and those employees above 55 years of age.</p> <p>Initial analysis suggests a greater proportion of green circles in each of the age groups mentioned above when compared to their relative size of the workforce.</p> <p>b) Current allowances are not based upon length of service or career graded posts but relate solely to the type of role performed across the Council</p>	<p>Continue to monitor the impact of JE outcomes on age throughout the negotiation process</p> <p>Identify any 'patterns' and address gaps (if applicable).</p> <p>This will provide a measure of fair treatment under the new policy. Action Plan of consultation process ongoing.</p>
Disability	<p>a) The majority of staff are not recorded as having a</p>	<p>a) At the time of completing this assessment current records highlight</p>	<p>Continue to monitor the impact of JE</p>

	<p>disability. Further workgroup analysis has been undertaken specifically in relation to disabled employees to ensure there are no particular trends causing concern.</p> <p>b) The likely outcomes actually serve to reduce the pay gap between employees returning a disability and those who do not.</p> <p>c) The review of allowances is not likely to increase or reduce any differences within this characteristic.</p>	<p>that 3.1% of the total workforce have identified that they have a disability. The data currently held by the Council in relation to disability is not robust enough to allow for definitive and detailed analysis but will be used as indicative.</p> <p>b) The information reviewed does not show any particular trend within workgroups across the Council. Those individuals declaring a disability, and returning a likely reduction in base pay are mainly within wider workgroups where the same reduction in base pay is evidenced regardless of disability.</p> <p>c) After looking at the evidence available the payment of allowances is predominantly contained within workgroups where most employees have not recorded a disability.</p>	<p>outcomes on those employees not recording and recording a disability throughout the negotiation process</p> <p>Identify any 'patterns' and address gaps (if applicable).</p> <p>This will provide a measure of fair treatment under the new policy.</p> <p>Action Plan of consultation process ongoing.</p> <p>Ensure reasonable adjustments and accessible communications are provided to enable disabled staff fair access to the process.</p>
<p>Race/Ethnicity</p>	<p>a) The proposal to implement a new pay and grading arrangement for employees included within this exercise has the potential to adversely affect workgroups and indirectly discriminate against employees on the</p>	<p>a) The current proposals identify groups of employees where it seems apparent there is a disproportionate negative impact.</p> <p>The potential negative impact would be a higher proportion of employees from an Asian British or other Asian ethnic background suffering a reduction in</p>	<p>Continue to monitor the impact of JE outcomes on race/ethnicity throughout the negotiation process</p> <p>Identify any 'patterns' and address gaps (if</p>

	<p>grounds of race/ethnicity. However further specific analysis showed that actual impact was related to particular workgroups and not linked to ethnic origin.</p> <p>b) The review of allowances is not likely to increase or reduce any differences within this equality strand.</p>	<p>basic pay when compared to other employee groups.</p> <p>Further analysis of the data shows the individuals within the above ethnic groups are part of wider workgroups where likely reductions in base pay would apply consistently across the group. There is no specific differential impact for those employees when compared to the broader white British employees in the same workgroups.</p> <p>b) After looking at the evidence available the payment of allowances is predominantly within workgroups where there is a predominance of white British employees.</p>	<p>applicable).</p> <p>This will provide a measure of fair treatment under the new policy.</p> <p>Action Plan of consultation process ongoing.</p>
Religion or belief	Impact cannot be determined due to the unavailability of appropriate data.	Whilst, as with the other equality strands, the job evaluation exercise has the potential to have positive and/or adverse impact it is not possible to test this due to the lack of robust data upon which to base any analysis. Monitoring of religion or belief was only introduced in October 2010 so data is currently limited. Where evidence becomes available through staff or TU consultations this will be considered as part of the updated impact assessment.	Action Plan of consultation process ongoing.
Sexual orientation	Impact cannot be determined due to the unavailability of appropriate data.	Whilst, as with the other equality strands, the job evaluation exercise has the potential to have positive and/or adverse impact it is not possible to test this due to the lack of robust data upon which to base any analysis.	Action Plan of consultation process ongoing.

		Monitoring of sexual orientation was only introduced in October 2010 so data is currently limited. Where evidence becomes available through staff or TU consultations this will be considered as part of the updated impact assessment.	
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How will this promote positive relationships between different communities?
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N/A

Section three : Review and Conclusion

Summary: please provide a brief overview, including impact, changes, improvements and any gaps in evidence.

The review of the total reward package (base pay and allowances) has the potential of having both positive and negative impacts on all staff covered by the NJC for Local Government Services. This review has commenced to provide fair and consistent methods of rewarding staff and address the inequalities evident as a result of previous arrangements.

The review of the total reward package have been negotiated with recognised Trades Unions via CMT approved consultative framework.

The most likely impact is in relation to gender where more women are likely to gain than men; this is due to the overall aim of removing past inequalities and the historical nature of some allowances related to male dominated roles. Initial analysis shows that younger and older employees may gain from pay structure changes. Impact on disability and race are not likely to be negative. Initial evidence suggesting a potential negative for Asian and Asian British staff was tested against the wider workgroup and found no differential impact.

Information from Resourcelink relating to sexual orientation or religion/belief is limited due to the recent introduction of monitoring for these characteristics.

Discussions with the workforce which alter job evaluation outcomes or part 3 allowances will be analysed using workforce data. Analysis will identify any patterns and provide an opportunity to address equality aspects.

Action to be taken	Officer responsible	Target Date	In which plan will this action appear
Trade Union Consultation ongoing.	K Jobson	ongoing	Project Plan.
Monitor the impact of the proposals on all employees	K Jobson	ongoing	Project Plan

looking specifically at those equality categories detailed in this assessment. Identify any 'patterns' and address gaps (if applicable).			
Update EIA with results of workforce consultation (ensure equality characteristics are monitored to enable analysis).	K Jobson	October 2012	Project Plan
Ensure reasonable adjustments for disabled staff are made to enable fair access to the process. Also arrangements for staff on maternity or long term sickness to be included where required.	K Jobson	ongoing	Project Plan
When will this assessment be reviewed?	Ongoing ahead of implementation		
Are there any additional assessments that need to be undertaken in relation to this assessment?			
Lead officer - sign off: Kim Jobson			Date:
Service equality representative - sign off: Bev Stobbart			Date:

Please email your completed Impact Assessment to the Equality team - equalities@durham.gov.uk

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County Council

22 February 2012

Members Allowance Scheme for 2012/13



Report of Corporate Management Team

Colette Longbottom, Head of Legal and Democratic Services

Councillor Alan Napier, Cabinet Portfolio Holder for Resources and Deputy Leader

Purpose of the Report

- 1 To request that Council agree a members allowance scheme for 2012/13 having due regard to the recommendation of the Independent Remuneration Panel.

Background

- 2 Under the Local Authority's (Members' Allowances) (England) Regulations 2003, the County Council shall make a scheme in accordance with the regulations which provide for the payment of an allowance in respect of each year to each member of the Council. This is referred to as 'the basic allowance'.

The scheme may also provide for special responsibility allowances to such members of the authority that carry out special responsibilities in relation to the authority as are specified in the scheme and fit within one or more of the categories set out in the regulations.

The regulations also provide that before the beginning of each year, the authority shall review the scheme and before it confirms or amends the scheme, it shall have regard to the recommendations made in relation to it by an Independent Remuneration Panel.

Independent Remuneration Panel

- 3 The Independent Remuneration Panel for Durham met in January 2012 and considered a revision to the scheme. The report of the panel is attached at Appendix 2.

Members should note that no changes are recommended for 2012/13, although the panel expressed a willingness to consider a revision of the structure of group leaders' allowances if requested and if such requests are provided with more information.

Recommendations and Reasons

- 4 Members are requested to:
- i. Agree no changes should be made to the Members Allowance Scheme for 2012/13.
 - ii. Take into account the recommendation of the Independent Remuneration Panel when doing so.

Background Papers

- 5 Not applicable.

Contact: Colette Longbottom Tel: 0191 383 5643

Appendix 1: Implications

Finance – The recommendation of the panel would not affect the current proposed budget for members' allowances.

Staffing – N/A

Risk – N/A

Equality and Diversity/Public Sector Equality Duty – The legislation requires the same basic allowance if paid to each member. Although the scheme contains provision for dependent carers' allowances and for sick pay.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – As part of the process, members were invited to make submissions to the panel, if required. Those submissions that were received were considered by the panel and are dealt with in the panel's report.

Procurement – N/A

Disability Issues – N/A

Legal Implications – These are within the body of the report.

County Council

22 February 2012

**Review of Durham County Council's
Members' Allowance Scheme**



Report of the Independent Remuneration Panel

Purpose of the Report

1. The purpose of this report is to advise the Council of the outcomes of the review of Members' Allowances carried out by the Independent Remuneration Panel for 2012/13.

Background

2. On 11th January 2012, the following members of the panel met to review the allowances for 2012/13:-

John M Hitchman
Andrew Sugden
Gill Stephenson
Professor Ray Hudson
John Cuthbert
Kate Welch

3. The panel considered specific issues that had been raised by Members:-
 - (i) Whether the current allowance for the Vice Chair is adequate;
 - (ii) Whether there should be changes made to the manner in which Group Leaders are paid to reflect the size of the group, rather than the one currently used in the Members' Allowance Scheme, which is based upon a threshold of 20% membership of the Council

In response to a request from the vice chair regarding increases in workload and out of pocket expenses arising from engagements, the Members considered that there had been increases in workload for both the Chair and Vice Chair of the Council, and that this had resulted in more expense. After careful consideration, the panel was of the view that, at this stage, there should not be an increase in allowances. The panel was of the view that the invitation process should be reviewed with a view to possibly not accepting as

many engagements and if the booked engagements then resulted in 'out of pocket' expenses being met out of and then depleting the current allowances, the Council should consider whether there should be a separate budget to cover such eventualities.

4. The panel was concerned, that to change the current arrangements for group leader allowances could result in allowances being paid to a number of relatively very small groups perhaps to the detriment of a larger group. The panel was therefore of the view if any member wishes to advance a proposal for change over the next year, then the panel would wish to see details of the workloads of group leaders relating to Council business. Party political business would not be taken into account.
5. The panel was minded to consider limiting the amount of money available for group leaders' allowances, so that allowances were based upon a percentage of a fixed pot, based upon membership. The panel had information before it on whether or not other Councils paid group leaders a fixed allowance or one in proportion to the size of the group. Twenty Councils were asked and nine responded, and all who responded, stated that the allowances were fixed. There was therefore no evidence of other Councils operating an allowance based on proportion to the size of the group, but the panel is willing to re-consider any proposal for this on the basis of any further evidence submitted next year.

Members Allowances for 2012/13

6. The panel considered members allowances information provided by the same Councils who had responded to the request in relation to group leaders. They covered Metropolitan Councils, Unitary Councils and a number of Councils in the North East, although one reported that no final decision had been made, all reported that no changes were to be made to the Members' Allowance Scheme this year.
7. The panel was of the view that this was unsurprising, given the current austere financial climate, where Council budgets are being reduced; services are being cut and staff losing their jobs. The panel were also mindful of the fact that Local Government employees continued to be subject to a pay freeze that has been in force for the last two years.
8. The panel also noted that there was no request from any membership for an increase in allowances, and was of the view that, in the current circumstances, there should not be an increase. As part of their review, the panel also considered whether there should possibly be a reduction in allowances. The panel was, however, mindful of the fact that the original scheme agreed in 2009 had been proposed against the backdrop of economic difficulties, when there was already an acknowledged need for public spending reduction. The panel recollected that the level of allowances proposed for the new Council was, in the light of those economic difficulties, considerably less than the one that had been proposed. The panel was therefore of the view not to recommend a reduction in allowances.

Conclusions

9. In summary, therefore, the Panel considered amending the members allowance scheme in relation to the vice chair and in relation to opposition group leaders. It recommended no changes at this stage but expressed a willingness to consider re-structuring the allowances for opposition group leaders next year, if requested to do so, in which case it will require details of the workloads of the group leaders.
10. The panel also reviewed the members allowance scheme and recommends no changes for 2012/2013.

Recommendations

11. The panel recommends no change in the current members allowance arrangements.

John M Hitchman
Andrew Sugden
Gill Stephenson
Professor Ray Hudson
John Cuthbert
Kate Welch

Contact: Colette Longbottom Tel: 0191 383 5643
