



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 26 February 2014 at 10.00 am** to transact the following business:-

1. To confirm the minutes of the meeting held on 8 January 2014 (Pages 1 - 10)
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 11 - 34)
8. Budget 2014/15 - Report under Section 25 of Local Government Act 2003 - Report of Corporate Director, Resources (Pages 35 - 40)
9. General Fund Medium Term Financial Plan, 2014/15 - 2016/17 and Revenue and Capital Budget 2014/15 - Report of Cabinet (Pages 41 - 164)
10. Council Tax setting in order to meet the County Council's Budget Requirement for 2014/15 - Report of Cabinet (Pages 165 - 186)
11. Housing Revenue Account Medium Term Financial Plan 2014/15 to 2016/17 and 2014/15 Budget - Report of Cabinet (Pages 187 - 202)

12. Review of the Members' Allowances Scheme for 2014/15 -
Recommendations of the Independent Remuneration Panel -
Report of Head of Legal and Democratic Services (Pages 203 -
210)
13. Motions on Notice
14. Questions from Members

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

Dated this 18th day of February 2014



Colette Longbottom
Head of Legal and Democratic Services

To: All Members of the County Council

DURHAM COUNTY COUNCIL

At an Ordinary Meeting of the County Council held in the Council Chamber, County Hall, Durham on **Wednesday 8 January 2014 at 10.00 a.m.**

Present:

Councillor P Charlton in the Chair

Councillors E Adam, B Alderson, J Alvey, B Armstrong, J Armstrong, L Armstrong, B Avery, A Batey, D Bell, R Bell, J Blakey, G Bleasdale, A Bonner, D Boyes, P Brookes, J Brown, C Carr, J Charlton, J Clare, J Clark, P Conway, J Cordon, K Corrigan, P Crathorne, R Crute, K Davidson, M Davinson, K Dearden, M Dixon, S Forster, N Foster, I Geldard, B Glass, B Graham, J Gray, O Gunn, S Guy, C Hampson, J Hart, K Henig, S Henig, D Hicks, J Hillary, M Hodgson, A Hopgood, K Hopper, L Hovvels, E Huntington, I Jewell, O Johnson, C Kay, A Laing, P Lawton, J Lethbridge, H Liddle, R Lumsdon, J Maitland, C Marshall, L Marshall, N Martin, P May, P McCourt, J Measor, O Milburn, B Moir, S Morrison, E Murphy, A Napier, T Nearney, M Nicholls, H Nicholson, P Oliver, R Ormerod, A Patterson, T Pemberton, M Plews, C Potts, L Pounder, G Richardson, J Robinson (Vice-Chairman), S Robinson, J Rowlandson, K Shaw, A Shield, J Shuttleworth, T Smith, W Stelling, B Stephens, P Stradling, A Surtees, L Taylor, P Taylor, K Thompson, R Todd, J Turnbull, A Turner, A Watson, M Wilkes, A Willis, C Wilson, S Wilson, R Yorke and R Young

Apologies for absence were received from Councillors J Allen, A Bell, E Bell, J Bell, H Bennett, J Buckham, J Chaplow, D Freeman, D Hall, B Harrison, G Holland, S Iveson, J Lee, J Maslin, A Savory, M Simmons, M Simpson, D Stoker, O Temple, E Tomlinson, M Williams and S Zair

1 Presentation to Honorary Aldermen

The Chairman presented Certificates of Office to those former Councillors made Honorary Alderman at its meeting on 4 December 2013.

2 Minutes

The minutes of the meetings held on 4 December 2013 were confirmed by the Council as a correct record and signed by the Chairman.

3 Declarations of interest

Councillor J Blakey declared an interest in relation to agenda item 11 (Community Governance Review – Shincliffe and Cassop-cum-Quarrington Parish Councils), advising that she was a Member of Cassop-cum-Quarrington Parish Council.

4 Chairman's Announcements

New Years Honours

The Chairman reported that the following local people had been received MBE's in the Queens New Years Honours:

- Dr Arnab Basu, Chief executive Officer of Kromek Limited;
- Mrs Kathleen Buckley a Foster Carer;
- Dr William Forster Dennison. Chair of Governors, Park View Academy, Chester-le-Street;
- Peter Barron, Editor of the Northern Echo.

Former Durham County Councillor Clive Robson and Honorary Alderman, was awarded the British Empire Medal for services to the community.

Resolved

That the Council place on record its congratulations to the recipients of a New Year Honour.

5 Leader's Report

Prior to presenting his report the Leader of the Council added his personal congratulations to all those recognised in the New Year Honours list and to the new Honorary Aldermen.

The Leader informed the Council that the government's funding settlements received for the next two years had confirmed the worst case scenario that the Council had forecasted beforehand, with further reductions to the revenue budget of £30m in 2014/15 and £40m in 2015/16. The reductions had been larger in poorer northern local authorities than those in the affluent areas of the South.

In Summer 2013 the Association of North East Councils agreed to lobby the government for a fairer approach to funding settlements by way of the same percentage increase being applied to each local authority area. This had not been adopted and the government had continued with its unjustified approach. All North East Council's would continue to argue strongly against this approach.

The latest statement by the Chancellor had indicated that austerity measures would likely continue to 2020 which confirmed that the situation would simply become worse.

The County Council would be setting its budget in February 2014 and detailed results of the major budget consultation exercise carried out through the AAP's would be fed into the process. The Leader thanked everyone who had contributed and participated in the process and for their understanding on how to deal with the most difficult period in local government the country had ever seen.

6 Questions from the Public

Three questions had been received from a member of the public, briefly summarised as follow:

1. What were the delays, design faults, unforeseen works and external funding in relation to the DurhamGate scheme and the nature and extent of claims outstanding from the contractor?
2. Would the Council consider bowing to overwhelming public opinion, and withdraw the County Durham Plan and instead, institute a true conversation with County Durham residents to form and publish a Plan which reflects the needs and nature of County Durham in totality of how change in the County, and more importantly in the City, should be engendered?
3. A follow-up to the question submitted at the meeting on 4 December 2013 regarding financial guarantees offered for the County Council's second Cricket Club loan.

The member of the public was in attendance to ask his questions and received responses from Councillor N Foster in relation to questions 1 and 2. Councillor A Napier responded to question 3.

The Head of Legal and Democratic Services informed the Council that the questioner would receive a written response to his questions and both the questions and responses would be published on the Council's website.

7 Petitions

There were no petitions for consideration.

8 Report from the Cabinet

The Leader of the Council provided the Council with an update of the business discussed at meetings of the Cabinet held on 18 December 2013, including the calculation of the Council Tax base and the World War 1 centenary programme (for copy see file of Minutes).

Councillor Wilkes referred to items 1 and 2 of the report collectively and commented that extra houses had been built across County Durham which he felt should be included in the calculation of the Council Tax base. Councillor Wilkes queried why the additional properties had not been included in the calculation which would add additional revenue to the Medium Term Financial Plan and asked the relevant Portfolio Holder if he would give consideration to this element of finance being included.

Councillor Napier, Cabinet Portfolio Holder for Finance commented that the Council's policy in this respect, was one of prudence and the Council wished to ensure that houses were built and in occupied before being included in the Medium Term Financial Plan.

9 Housing Stock Transfer - Recruitment to Shadow Parent Board and Next Steps

The Council considered a report of the Corporate Director, Regeneration and Economic Development which provided an update on the arrangements required to establish a shadow parent Board and sought nominations for three councillors to be nominated to a board of 13, which was a vital to the progress the shadow parent board. The Shadow Parent Board would establish strategic control of the group; oversee the development of the new group of organisations and achieve registration by the transfer deadline (for copy see file of Minutes).

Councillor N Foster, Cabinet Portfolio Holder for Economic Development and Regeneration spoke of the importance of the overarching board and the role that the three existing area boards had to play. The nominations would be vital to progress and the establishment of the Shadow Parent Board and demonstrated to the regulator and to funders that Members had the appropriate experience and skills in overseeing financial planning and business management. Councillor Foster then invited one member from each housing area to make nominations to the Shadow Board.

Nominations to the Shadow Board were then moved, in the following order:

Councillor S Zair

(Moved by Councillor W Stelling, **Seconded** by Councillor A Shield)

Councillor E Tomlinson

(Moved by Councillor A Patterson, **Seconded** by Councillor O Gunn)

Councillor M Plews

(Moved by Councillor P Conway, **Seconded** by Councillor P Taylor)

Councillor D Boyes

(Moved by Councillor J Maitland, **Seconded** by Councillor J Alvey)

Councillor Hopgood raised a point of order and stated that the Constitution Working Group had previously agreed that the appointments to the Shadow Board would be made in accordance with the rules on political balance which stood at 2 labour councillors and 1 independent councillor and asked the Head of Legal and Democratic Services to explain the procedure.

The Head of Legal and Democratic Services confirmed that the Constitution Working Group agreed that political balance would be in place and that the Councillors should consist of one Independent Councillor and two Labour Councillors. This would stand unless a motion was presented to the Council otherwise.

A motion was then **Moved** and **Seconded** that political balance would not apply and that only Members from the relevant housing areas should vote on the nominations.

The following nomination was then received:

Councillor M Wilkes

(**Moved** by Councillor A Hopgood , **Seconded** by Councillor Martin)

The Head of Legal and Democratic Services advised the Council that 4 nominations had been moved and seconded for 3 positions. The Head of Legal and Democratic Services called out the names of those Councillors entitled to vote.

Upon a vote being taken the following nominations received the most votes:

Dale and Valley Homes Area - Councillor E Tomlinson

Durham City Homes Area - Councillor M Plews

East Durham Homes Area - Councillor D Boyes

Councillor Wilkes withdrew his nomination.

Resolved

That Councillors D Boyes, M Plews and E Tomlinson be appointed to the Shadow Board.

10 Community Governance Review - Forest and Frith

The Council considered a report of the Head of Legal and Democratic Services which provided an update following the publication of the final recommendations for the parish of Forest and Frith (for copy see file of Minutes).

The Head of Legal and Democratic Services informed the Council that no further representations had been made since the publication of the final recommendations on 30 October 2013.

Moved by Councillor Henig, **Seconded** by Councillor R Bell and

Resolved

That the Council agree to the reorganisation order being made to give effect to the final recommendations as outlined in the report.

11 Community Governance Review - Shincliffe Parish Council and Cassop-Cum-Quarrington Parish Council

Prior to consideration of the item, Councillor J Blakey left the meeting.

The Council considered a report of the Head of Legal and Democratic Services which provided an update following the publication of the final recommendations for the parishes of Shincliffe and Cassop-cum-Quarrington (for copy see file of Minutes).

The Head of Legal and Democratic Services informed the Council that no further representations had been made since the publication of the final recommendations on 6 December 2013.

Moved by Councillor Henig, **Seconded** by Councillor M Plews and

Resolved

That the Council agree to the reorganisation order being made to give effect to the final recommendations as outlined in the report.

12 Audit Committee Progress Report for the Period May 2013 - September 2013

The Council noted a report of the Chairman of the Audit Committee which detailed progress for the period May 2013 to September 2013 (for copy see file of Minutes).

In the absence of the Chairman of the Audit Committee, the Vice-Chairman, Councillor J Rowlandson presented the progress report. The Vice-Chairman highlighted three key areas of the Committee's work which he wished to draw the Council's attention to.

The first area related to the Internal Audit Progress Reports. The Internal Audit Service was a key source of assurance to the Audit Committee that the Council's corporate governance, risk management and control environment were efficient and effective. As part of the quarterly progress report on work carried out by the Service, any audit review resulting in a 'limited assurance opinion' was brought to the Committee's attention and the Committee had started asking relevant Heads of Service to attend the Committee to provide further information and explain what actions had been taken to make control improvements in their service. Overdue Audit Recommendations were also being tracked through the Audit Committee.

It was pleasing to note that the vast majority of recommendations were implemented within agreed timescales. High risk or significant actions reported as overdue were challenged by the Committee and the responsible senior manager was asked to attend the Committee to provide an explanation for any delay. Councillor Rowlandson explained that the "calling in" of officers to account in this way, not only provided an assurance to the Committee that risks are being taken seriously and effectively managed, but it also helped raise the profile and the effectiveness of the Internal Audit Service.

The second area related to the Audit of the Council's Statement of Accounts for 2012/13. This had been the first year that the accounts had been audited by Mazars. The external auditor found no need to issue an interim governance report this year, due to a much improved control environment compared to previous years, which was extremely pleasing to note.

Both the draft and final accounts had been completed within deadlines and significant improvements in both the quality and timing of the accounts had been highlighted by the external auditor. This had resulted in a much improved position on previous years and the outcome of the audit was an unqualified opinion on both the Council's final accounts and the Value for Money conclusion for the both the Pension Fund Accounts and those of the Council.

The third and final area related to the 'Annual Governance Statement' which the Committee approved at its meeting in September 2013. Councillor Rowlandson was pleased to advise the Council that no additional governance issues had been highlighted during the final account audit process.

Councillor Shuttleworth referred to the progress update for July 2013 and asked if the information relating to key risks could be emailed to all Councillors for information.

13 Local Code of Corporate Governance

The Council considered a report of the Corporate Director, Resources regarding an update to the Local Code of Corporate Governance (for copy see file of Minutes).

The Corporate Director, Resources informed the Council that an organisation of the Council's size was expected to have clear, transparent, decision-making procedures in place to ensure accountability, effectiveness, integrity, impartiality and inclusivity. The Code had been updated to reflect the findings of the annual review of the effectiveness of the Council's corporate governance arrangements. The key changes related to:

- detailed and frequent monitoring by the Corporate Management Team and Cabinet;
- importance of maintaining clear and up to date statements on roles and responsibilities;
- recognition of the statutory roles of the Corporate Director, Children and Adults Services;
- health and wellbeing board;
- development of the Medium Term Financial Plan;
- the Council's commitment to engaging with local people and stakeholders through Cabinet, CMT staff briefings and the establishment of the voluntary and community sector working group and the local council's working group.

Moved by Councillor J Brown, **Seconded** by Councillor A Napier and

Resolved

That the revised Local Code of Corporate Governance be agreed and the relevant update be made to the Constitution.

14 Sustainable Communities Act - Under-occupation penalty

The Council considered a report of the Assistant Chief Executive regarding the outcome of consultation with interested parties and bodies which had been undertaken under the terms of a motion which was considered by the County Council at its meeting held on 18 September 2013 (for copy see file of Minutes).

Councillor Clare explained that the motion targeted a very specific group of people who were liable under the 'bedroom tax' charge and found themselves unable to move home. The consultation had not received one negative comment and it was clear that many people constantly worried as to how they would pay for the charge.

Moved by Councillor Clare, **Seconded** by Councillor J Armstrong and

Resolved

That the Council endorse the final submission be made to the Government under the Sustainable Communities Act.

15 Motions on Notice

(i) Refranchise of the East Coast Main Line Rail

Moved by Councillor B Glass, **Seconded** by Councillor J Shuttleworth

Durham County Council calls on the Secretary of State for Transport to cease the current refranchise of the East Coast Main Line Rail route, to maintain the franchise for East Coast Mail Line Rail in public hands as a public sector comparator for other franchised rail networks and as a significant contributor to the public purse.

Upon a vote being taken, the motion was carried and

Resolved

That Durham County Council calls on the Secretary of State for Transport to cease the current refranchise of the East Coast Main Line Rail route, to maintain the franchise for East Coast Mail Line Rail in public hands as a public sector comparator for other franchised rail networks and as a significant contributor to the public purse.

(ii) Street Lighting Policy

Moved by Councillor A Watson, **Seconded** by Councillor

In consideration of the fear of crime and residents' concerns about safety in their neighbourhoods, ranging from young children to the frail elderly, that this Council urges the officers to review crime statistics and health and safety statistics over the next twelve months in order to establish the impact of the revised lighting scheme on the security and physical wellbeing of the population.

An Amendment was **Moved** by Councillor B Stephens, **Seconded** by Councillor L Hovvels:

That this Council urges its officers to continue to review crime statistics and health and safety statistics in order to establish the impact of all its current policies, including its street lighting policy on the security and physical wellbeing of the population

Councillor Watson confirmed that he was happy to accept the amendment and commented that the fear of crime was real and it was significant that both the police and other agencies issued advice to residents to 'keep lights on', particularly during dark winter nights. Councillor Watson asked the Council to think 'long and hard' as to whether they were happy for these dark areas to be created.

Upon a vote being taken, the Amendment was **carried** and

Resolved

That this Council urges its officers to continue to review crime statistics and health and safety statistics in order to establish the impact of all its current policies, including its street lighting policy on the security and physical wellbeing of the population

16 Questions from Members

There were no questions from Members.

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26 February 2014

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 15, 22 January and 12 February, to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 25 February 2014 in order for them to be displayed on the screens in the Council Chamber.

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22 January

- Item 4 Medium Term Financial Plan 2014/15 to 2016/17 (MTFP (4))
and 2014/15 Budget
Key Decision: CORP/R/13/02
- Item 5 Revised equality policy and approach

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- Item 6 General Fund Medium Term Financial Plan, 2014/15 to 2016/17
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Key Decision: Corp/R/13/02
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- Item 8 Proposal to close Roseberry College and Sixth Form with effect from 31 August 2014
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- Item 9 Seaham New Housing Masterplan
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- Item 10 Welfare Reform Update
- Item 11 Evaluation of Selective Licensing a Wembley

1. Customer First Strategy Refresh 2014-2017
Key Decision: NS/22/13
Cabinet Portfolio Holder – Councillor Brian Stephens
Contact – Alan Patrickson 03000 268 165

We have considered a report of the Corporate Director, Neighbourhood Services which sought approval to carry out public consultation on a new Customer First Strategy for the Council for 2014-2017.

In line with the ‘whole council approach’ to Customer Services, the Customer First Strategy seeks to broaden accessibility to information and increase the online capability to transact with the council. This approach will ensure best use of existing resources and buildings to provide a network of service access points which are instantly recognisable through a single branding, provisionally entitled “Information Durham”. When implementing this approach, clarity will be provided in relation to where key transactions such as benefits will be offered and customers will have much greater access to services and information.

Delivery of the Strategy will result in changes both internally, in relation to integration of services and enabling “channel shift” so that customers are able to and want to access services through digital means. The report proposed that a consultation exercise be undertaken to obtain the views of the public on a number of issues central to the strategy document and the direction of travel proposed in it.

The proposed consultation routes include:

- On-line survey (Paper copies will be available at locations across the county to ensure those without access to PCs/internet access can participate)
- Focus group meetings and signposting through AAPs
- The Disability Partnership
- Partnership Delivery Improvement Group

- Investors in young people
- People's Parliament

The consultation will take place over 12 weeks, commencing on 20 January 2014 and finishing on 14 April 2014.

Decision

We have approved the commencement of the consultation on the Customer First Strategy. A further report will be presented to us following the consultation exercise to confirm the final strategy document.

2. Customer Access Point Review

Key Decision: NS/23/13

Cabinet Portfolio Holder – Councillor Brian Stephens

Contact - Alan Patrickson 03000 268 165

We have considered a joint report of the Corporate Director, Neighbourhood Services and the Corporate Director, Regeneration and Economic Development on the current position and future direction of travel in relation to providing face to face access to services through Customer Access Points (CAPs). The report presented options for consideration and proposed a way forward in the light of customer requirements and savings targets.

The Council's most recent Medium Term Financial Plan identified that the level of savings required in the period 2011 to 2017 has increased considerably to a figure of £222 million. Total revenue expenditure on Customer Services is approximately £4.06 million.

We approved the original Office Accommodation Strategy on 2 November 2010 to enhance the Council's customer service provision and rationalise office accommodation before April 2014. Analysis work on the current use of CAPs was undertaken by the research and consultation team, sponsored by the Customer Focus Board which explored the types of interactions and services requested and also defined areas from which demand originates.

The Customer First Strategy is currently undergoing a refresh, with a direction of travel to deliver more efficient and effective access channels and more responsive customer focussed services. One of the key mechanisms for delivering these objectives is the movement of customer contact away from expensive channels. Face to face remains the most expensive way of dealing with customer enquiries. When compared to near neighbours, Durham County Council provides a generous proportion of Access Points with an above average number of access points per population. Customers' expectations regarding the way they can access our services are changing with 44% of households using the internet to make payments, which is higher than the national average. The Government's approach to 'Digital by Design' which aims to deliver public services online or by other digital means, will increasingly see public services being required to consider digital access as

the first option. However, it is recognised that there are groups of people who do not have access to the internet, or, have a need to access services via traditional methods.

In light of reducing budgets and continuing pressures on revenue and general reductions in services County-wide, the report requested that consideration be given as to whether the planned increase in CAPs and the associated revenue expenditure remained appropriate and sustainable.

The following options were considered:

Option 1 – Maintain the current strategy, increasing revenue expenditure on face to face customer services.

By continuing full delivery of the Accommodation Strategy, there will be capital expenditure of £2,147,736 and an increase in the Customer Services revenue budget of £136,665. Developments at Stanley, Newton Aycliffe and Bishop Auckland would result in the closure of Spennymoor CAP as a face to face access point. Staff from Spennymoor would be redeployed to alternative locations to support delivery in these areas. This option would considerably increase access to services available prior to LGR.

However, the analysis carried out has shown Spennymoor is one of the busiest CAPs with one of the largest catchment areas. Should this close, the nearest short term available alternative would be the service at Bishop Auckland, which, due to its facilities, would not be able to deal with the demand and would create significant operational difficulties until the projects at Bishop Auckland and Newton Aycliffe were delivered. This option would also fail to achieve the required MTFP saving resulting in further steps being taken through contingency to address this.

Option 2 - Revise the Office Accommodation strategy to achieve a reduction in revenue expenditure

Under this option, Spennymoor, the most popular CAP, would remain open as a staffed face to face CAP. Newton Aycliffe, Bishop Auckland and Peterlee would offer a surgery based service. This would be provided from suitable locations and through working with other service providers. This would result in all the areas identified in the Office Accommodation Strategy receiving a Customer Service offer.

In addition to CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. This new provision will be presented under a common 'Information Durham' branding alongside identified CAPs.

This option would considerably increase access to services when compared to the circumstances prior to LGR. All of the areas identified in the Office Accommodation Strategy would still receive a service of some type, with a further enhancement upon implementation of the strategic direction of 'Information Durham'.

Customer Services is required to make £196,000 MTFP savings in 2014/2015 which can currently only be achieved by a reduction in service provision. By ceasing the planned CAP developments the identified £136,655 increase in operational costs would be avoided and therefore contribute to this target.

This option proposes that Bishop Auckland CAP, which is likely to be sold in the near future, be vacated and service re-deployed as a surgery in a nearby Council owned property. Services would continue on an appointments basis for Revenues and Benefits. This would achieve the additional £59,345 saving. In total these changes would achieve MTFP target with considerably less impact on the front line than the full closure of Spennymoor CAP.

It would also be a feasible option to reconfigure the current plans to move the Stanley CAP into the Louisa centre as part of this option, without increasing revenue costs, to incorporate improved accommodation as part of this option.

In summary, this option will result in:

- Relocation of the CAP at Stanley
- a surgery based service at Bishop Auckland and Peterlee
- Newton Aycliffe will continue to offer surgery provision in line with the leisure centre / library project.
- Spennymoor will retain the existing CAP
- No further increases in revenue expenditure
- Savings incurred on Capital financing
- Planned MTFP savings achieved
- 'Information Durham' provision and branding developed

Option 3 – Closure of further CAPs

Option 3 considered the further closure of CAPs to continue the direction of travel towards expenditure reductions.

The analysis of work undertaken to inform this review has shown that if CAPs other than Spennymoor were to be considered for closure to generate revenue savings then others should be considered based on popularity, proximity and current operating models. When taking a strategic view, considering the popularity, proximity and current operating model, the two CAPs which could be closed, where the impact could be mitigated by nearby CAPs, would be Bishop Auckland and Stanley. As with option 2, in addition to CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. It should be noted that Stanley CAP returned one of the highest usage rates per head within its catchment, implying that although demand would be displaced to nearby CAPs, this would impact upon the capacity to deliver services within this area.

From the closure of the two CAPs a total saving of £234k would be achieved, resulting in an overall saving for this option of £371k. A restructure of customer services would be required to achieve this saving with a required reduction of approximately 9 FTE.

Option 4 – Adopt an alternative service delivery model

The final option considered was to move to an alternative delivery model for face to face contact, with a small number of centres offering full face to face interview services, potentially by appointment only, with staff in other centres such as leisure centres and libraries providing frontline signposting services.

This option has not been fully costed and would represent a significant change to the way customers receive face to face services. Interview space would be restricted to potentially four centres at Consett, Durham, Seaham and Spennymoor on an appointment only basis, potentially supplemented by surgeries in other locations.

In addition to the CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. The availability of the core services would however be reduced.

Major impacts of this alternative delivery model would be upon customers accessing the benefits service who currently prefer or require face to face interactions. There would also be impacts on hosted services that rely on Customer Services to provide accommodation, signposting or reception function, in particular (Housing Solutions and Welfare rights). Based on 2012/13 data 130,000 interactions at access points would need to be accommodated by an alternative resource.

Decision

We approved Option 2 for implementation.

3. Local Education Partnership Director Cabinet Portfolio Holder – Councillor Alan Napier Contact – David Theobald 03000 260 542

We have considered a report of the Corporate Director, Resources requesting approval to appoint a new Director to represent Durham County Council on the Board in Inspiredspaces Durham Limited who are the Council's Building Schools for the Future contractor.

Since signing the SPA the Council has been represented on the Board of Directors by a Finance Manager in the Resources Service Grouping. This directorship has come to an end. Following agreement of the Corporate Directors for Resources and Regeneration and Economic Development, Adrian White, the Head of Transport & Contract Services in the Regeneration and Economic Development Service Grouping has been identified as an appropriate officer to represent the Council on the Board of Directors.

Decision

We have agreed the appointment of Mr Adrian White as Durham County Council's Director on the Board of Inspiredspaces Durham Limited.

4. Medium Term Financial Plan 2014/15 to 2016/17 (MTFP (4)) and 2014/15 Budget

Key Decision: Corp/R/13/02

Leader and Deputy Leader of the Council – Councillors Simon Henig and Alan Napier

Contact – Jeff Garfoot 03000 261 946

We have considered a joint report of the Corporate Director, Resources and the Assistant Chief Executive updating on the Medium Term Financial Plan MTFP (4) 2014/15 to 2016/17 and 2014/15 Budget, following the Government's Local Government Finance Settlement announcement on 18 December and feedback from the budget consultation process that ended on 7 December 2013.

MTFP (1) – (3) and reports to date on the development of MTFP (4) track the impact of continuing austerity on Durham County Council. The Council is on track to have delivered spending reductions of £113.9m since 2011/12 by the end of this financial year. This level of Government funding reduction is unprecedented.

Despite reducing spending so significantly, a similar target remains to be delivered over the next 3 years. Prior to receiving the settlement, the Council forecast that total savings would reach £223 million by 2017.

The financial settlement was received on 18 December and details of this were presented within the report. The main points included:

- the settlement confirms that there will be significant reductions in Government funding which are broadly in line with the funding reductions forecast by the Council;
- although there has been a positive response to the Council and local government's response to the consultation on New Homes Bonus, overall the settlement does not contain changes requested by the sector;
- it is still apparent that deprived areas will continue to see higher levels of funding reductions for both 2014/15 and 2015/16;
- there remains, even at this late stage in the process, information that is needed to finalise and set the council's budget. For example details on specific grants and information relating to the Council Tax Referendum Limits are still awaited at the time of writing. The council needs to complete the development of MTFP (4) with the risk that this information could mean late changes are required.

The council undertook innovative and wide ranging consultation on the MTFP throughout October to early December. Building on expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over ten thousand people voted at the

PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

The key findings of the consultation were:

- members of the public found it hard to identify the required level of savings that the council needs to deliver;
- across all of the different methodologies, there was little consensus on which services to 'protect' in relative terms;
- there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- there was a rich level of intelligence from the group exercise work;
- there was support from the focus groups for a council tax rise of up to 2% but very little support for a rise in excess of this level.

Despite the difficulties posed by these unprecedented funding reductions on top of unavoidable budget pressures such as inflation pressures, the budget proposals for 2014/15 include a number significant investments, aligned to the core priorities of the Council and the outcome of the public and stakeholder consultation.

The late receipt of the financial settlement resulted in a short timeframe to complete the required next steps:

- to consider the implications of the specific grants and Council Tax Referendum Limits which we are still waiting to receive confirmation of;
- to finalise the equality impact assessments for the 2014/15 proposals;
- to consult our strategic partners on the proposals presented in Appendix 4 to supplement the public consultation process;
- to receive comment and consider recommendations from Overview and Scrutiny.

The next steps in completing MTFP (4) are:

- to consult with strategic partners on the proposals and approach outlined in this report;
- to invite comment and consultation from Overview and Scrutiny;
- to update the report as outstanding information required to set the budget is received by Government;

- to complete the EIAs.

Further consultation, to complement that undertaken with the public is proposed with strategic County Durham Partnership partners, local councils and the voluntary sector through the board and respective working groups.

Non-executive members are a key group who have been engaged in the development of this year's MTFP, through a series of scrutiny meetings and member seminars. Two further scrutiny sessions are planned for members to comment on the MTFP, consultation results and the 2014/15 savings proposals and linked equality impact assessments.

The council continues to plan effectively to ensure the delivery of the MTFP Planning processes continue to be supported by consultation on both the MTFP and on individual savings plans. This process ensures that the views of the public are taken into account when developing overarching savings strategies and also the delivery of individual savings.

This effective planning process is set against a background of late and delayed information being received from Government. The late receipt of settlement information causes significant difficulties in planning effectively with the late receipt of confirmation of the Council Tax Referendum Limit for 2014/15 being an example of the very difficult position faced by the council.

Notwithstanding the problems identified above, the council is able to develop a balanced budget for 2014/15 which enables investment in council priorities and a savings strategy which is in line with the public's MTFP consultation responses.

There can be no doubt however that the council will face greater challenges in the future with the need to identify additional savings of £64.1m in 2015/16 to 2016/17 and the likelihood of additional savings beyond this period.

Decision

We have:

- (a) noted the budget and medium term financial plan update in relation to the provisional Local Government Finance Settlement announced on 18 December 2013;
- (b) noted that the Government has not adjusted the methodology for applying funding reductions in the light of consultation responses;
- (c) agreed the savings proposals for 2014/15 as detailed in Appendix 4 of the report be finalised, including the finalisation of the equality impact assessments;
- (d) noted the estimated £64.1m savings shortfall for the period 2015/16 to 2016/17;

- (e) agreed to consult Overview and Scrutiny and strategic partners in the manner proposed in the report.

5. Revised Equality Policy and Approach
Leader of the Council – Councillor Simon Henig
Contact – Kay Winter 03000 268 020

We have considered a report of the Assistant Chief Executive which provided information on the revised equality policy and the streamlined corporate approach to equality planning and performance management.

The Equality Act 2010 replaced previous equality legislation which contained a number of specific requirements for local authorities, these covered policies, action planning, equality impact assessment, monitoring and reporting processes. The Equality Act is now less prescriptive in relation to policies and procedures than the previous legislation. In response, equality policies have been reviewed together with the approach to equality planning in order to maintain commitment in a cost effective manner.

The aim of the review was to update the policy and provide a clear, concise message. The revised policy is a simplified and streamlined commitment to treating people fairly, with respect and dignity whilst complying with our legal responsibilities. The policy will apply to every elected member, employee, volunteer or organisation representing the authority through contractual or commissioning arrangements. There are a number of key commitments relating to service delivery, employment and working with others. These commitments are linked to and supported by the current equality objectives which are part of our public sector equality duty.

The equality aims and objectives, published in April 2012, were based on evidence from local and national statistics as well as previous consultation activities.

The three equality aims and nine underpinning objectives are:

Aim 1 – Provide high quality accessible services to all

- Understand the needs of County Durham's diverse communities
- Ensure equal access to council services
- Improve services to meet diverse customer needs

Aim 2 – Be a diverse organisation

- Provide strong leadership in relation to equality and diversity
- Recruit and retain a diverse workforce
- Promote equality and diversity through working practices

Aim 3 – Work with others to promote equality countywide

- Work effectively with underrepresented communities
- Work effectively with partners

- Integrate equality and diversity through commissioning and procurement

The equality objectives maintain the overarching focus whilst allowing Services to identify relevant and proportionate actions which are monitored and reported through the performance management framework. The equality actions have been built into the Council and Service plans which embeds the approach to equalities into the corporate processes.

Decision

We have approved the revised equality policy.

- 6. General Fund Medium Term Financial Plan, 2014/15 to 2016/17 and Revenue and Capital Budget 2014/15**
Key Decision: Corp/R/13/02
Leader and Deputy Leader of the Council – Councillors Simon Henig and Alan Napier
Contact - Jeff Garfoot 03000 261 946

We have considered a joint report of the Corporate Director, Resources and Assistant Chief Executive which provided comprehensive financial information to enable us to agree a 2014/15 balanced revenue budget, an outline Medium Term Financial Plan (MTFP (4)) for 2014/15 to 2016/17 and a fully funded capital programme, for recommendation to the County Council meeting on 26 February 2014.

The council has faced unprecedented reductions in Government grants since the 2010 Comprehensive Spending Review (CSR) when the expectation for local government was a 28% cut in Government grant for the MTFP (1) period 2011/12 to 2014/15. Since that time the majority of the Chancellor of the Exchequer's March Budget and Autumn Statement announcements have included additional cuts to local government culminating in the 2015/16 spending round announcement of June 2013 which detailed a 10% funding reduction for local government in 2015/16. It is now forecast that Government grant to local government will have reduced by over 40% by the end of 2015/16.

The Chancellor of the Exchequer has also announced the need for a further £25bn of public expenditure reductions for 2016/17 and 2017/18. With £12bn expected to be found from Welfare budgets, £13bn will need to be found from Government Departments. It is expected that Health, Education and Aid budgets will continue to be protected resulting in increased pressure upon the remaining Government Departments. It is therefore forecast that the Government grant reductions for local government in 2016/17 and 2017/18 will be similar in magnitude to those of 2014/15 and 2015/16.

The financial landscape for local authorities will remain challenging until at least 2017/18. The challenges faced are exacerbated in Durham for a range of reasons:

- Government grant reductions are not evenly distributed across the country as evidenced by the Government's Spending Power figures. For 2014/15 and 2015/16 the cumulative Spending Power reduction for the council is 6.3% and for the twelve North East councils 7.5%. This compares with a national average reduction of 4.7%, whilst many affluent areas are seeing an actual increase in Spending Power e.g. Surrey +3% and Buckinghamshire +2.5%;
- Government funding is now inextricably linked to the performance of the local economy via Business Rate Retention and Local Council Tax Support Schemes. The link to a 'Needs Assessment' is no longer the key determinant of local authority funding. The current economic recovery is centred very much around the South and South East which is benefitting local authorities in those areas;
- Demand for services from local authorities is increasing with the impact of Welfare Reforms continuing to have an impact. Deprived areas are particularly impacted and this issue will continue to be a high priority as the Government plans to remove an additional £12bn from welfare budgets during 2016/17 and 2017/18.

Overall it is now forecast that the council will need to save £224m over the 2011 to 2017 period. A sum of £113.9m of savings will have been realised by the end of 2013/14 resulting in a £110.1m savings requirement for the three year MTFP (4) period 2014/15 to 2016/17. The 2014/15 budget requires savings of £23m to be delivered to achieve a net budget requirement of £438.672m.

The council undertook innovative and wide ranging public consultation on the MTFP throughout October to early December. Building on our expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over 10,000 people voted at the PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

The key findings of the consultation were:

- members of the public found it hard to identify the required level of savings that the council needs to deliver;
- across all of the different consultation methodologies, there was little consensus on which services to 'protect' in relative terms;
- there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- there was a rich level of intelligence from the group exercise work;

- there was support from the group exercises for a council tax rise of up to 2% but very little support for a rise in excess of this level.

Despite the difficulties posed by the unprecedented funding reductions on top of unavoidable budget pressures such as inflation, the budget proposals for 2014/15 include a number of investments, aligned to the core priorities of the council and the outcome of the public and stakeholder consultation:

- The council has decided to extend the current Local Council Tax Support Scheme for a further year into 2014/15. This will continue to protect 33,557 Working Age Council Tax Claimants who would otherwise have to start paying a proportion of their council tax due to the Government's abolition of the national Council Tax Benefit scheme in April 2013;
- The council continues to prioritise capital investments which is seen as very important in maintaining employment levels within the county and improving infrastructure to assist in regenerating the local economy. The total capital programme for 2014/15 to 2016/17 is £262.342m with a key focus upon regeneration and economic development. Major investments include additional highways maintenance investment from the council of £4.756m to supplement Government grant funding, the redevelopment and relocation of Durham Bus Station and regeneration/site assembly projects in Bishop Auckland, Peterlee, Seaham, Crook and Spennymoor;
- A £1.3m increase in the Winter Maintenance Budget is included in 2014/15. This will provide increased financial resilience in order to keep our highways and other roads open during inclement weather conditions;
- Protection is afforded to the Benefits Service which has faced a further Government grant cut of £0.5m. This will enable the council to continue paying the 65,000 housing and Council Tax Support Scheme claimants their entitlements to benefit promptly.

The council's strategy of the past three years has been to protect frontline services as far as possible and the proposals for 2014/15 are in line with that strategy, though this is becoming increasingly difficult to maintain over time.

The report summarised the main proposals, how these are in line with the council's overall strategy and have been shaped by residents' views with an initial high level analysis of the equality impacts.

Unlike in previous years, it has not been possible to establish high level proposals for the entire period covered by the MTFP. This is because the scale of savings required, coming on top of those already delivered and proposed for 2014/15, presents a much greater challenge than before. It is also the case that there is greater financial uncertainty over the medium term. The Government's spending round covered the period to 2015/16 only, in advance of the general election in 2015. There is also much uncertainty about

public health and social care funding in the medium term. It is anticipated that clarity on these major issues will emerge over the course of the next financial year and shape the development of MTFP (5).

The council's original estimate in 2011 of 1,950 reductions in posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate the impact of further reductions on posts up to 2016/17.

In the setting of Council Tax levels for 2014/15, consideration has been given to the significant financial pressures facing the council and the fact that Council Tax levels have remained unchanged since 2010/11. The Government have offered a Council Tax Freeze Grant for 2014/15 equivalent to a 1% Council Tax increase using the higher council tax base determined prior to the implementation of the Local Council Tax Support Scheme. It is forecast that this would generate a Council Tax Freeze Grant of £2.04m. MTFP (4) planning however has been based on a 2% Council Tax increase which is the Council Tax Referendum Limit that was in place for 2013/14 and assumes that this will not change, although the final referendum limit had not been set by the Government at the time of writing this report. A 2% Council Tax increase would generate additional Council Tax income of £3.29m in 2014/15 which is £1.25m more than the freeze grant option.

Included in the budget for the Resources Service Grouping and specifically as part of the Legal and Democratic services budget were two allowances paid under the 1972 local government act the Chairman (£8580) and the Vice Chairman (£4220) to cover the expenses of their office. Until May 2013, these were paid in the form of quarterly lump sums to each of the civic dignitaries. On 17 December, the Constitution Working Group agreed to recommend to Council that the Chairman's allowance be transferred to the Civic Events Budget and that the Chairman's hospitality budget should be renamed "Civic Expenses" with the Vice Chairman's allowance being transferred to that budget. Constitution Working Group also agreed that these allowances should no longer be paid in the form of lump sums and should be used for the purposes of meeting reasonable out-of-pocket expenses of the Chairman and Vice-Chairman arising from the Civic Events or Civic expenses, under the administration of the Member Support Team.

Decision

We have agreed to make the following recommendations to Council, under the subject headings listed below:

- a) Consultation**
 - (i) note the outcome of the consultation carried out as part of the development process for the 2014/15 budget and for future budgets.
 - (ii) note that the suggestions made by the public to help manage the budget reductions have been considered by the council.

- (iii) agree that the council continue to engage with the public in future budget setting processes and prior to implementing changes to frontline services.
- b) 2014/15 Revenue Budget**
- (i) approve the identified base budget pressures included in paragraph 94;
 - (ii) approve the investments detailed in the report;
 - (iii) approve the treatment of the Chairman and Vice-Chairman's expense allowance proposed by the Constitution Working Group;
 - (iv) approve the savings plans detailed in the report;
 - (v) approve a 1.99% increase in Council Tax;
 - (vi) approve the Net Budget Requirement of £438.672m.
- c) MTFP (4)**
- (i) note the forecast 2014/15 to 2016/17 MTFP (4) financial position;
 - (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as 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;
 - (iii) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates between £22m and £33m.
- d) Capital Budget**
- (i) approve the revised 2013/14 Capital Budget of £133.667m detailed in Table 20;
 - (ii) approve the additional schemes detailed in Appendix 9 be included in the capital budgets. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from Service Grouping revenue budget transfers;
 - (iii) approve the MTFP (4) Capital Budget of £262.342m for 2014/15 to 2016/17 detailed in Table 27.

- e) **Savings Proposals for 2014/15**
 - (i) note the approach taken by Service Groupings to achieve the required savings.

- f) **Equality Impact Assessment**
 - (i) consider the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members Resource Centre;

 - (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.

- g) **Workforce Considerations/Pay Policy**
 - (i) Approve the pay policy statement at Appendix 10 of the report

- h) **Risk Assessment**
 - (i) note the risks to be managed over the MTFP (4) period.

- l) **Dedicated Schools Grant (DSG) and School Funding – 2014/15**
 - (i) note the position on the Dedicated Schools Grant.

- j) **Prudential Code**
 - (i) agree the Prudential Indications and Limits for 2014/15 – 2016/17 contained within the Appendix 11 of the report, including the Authorised Limit Prudential Indicator;

 - (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 11 which sets out the council's policy on MRP;

 - (iii) agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 11;

 - (iv) agree the Investment Strategy 2014/15 contained in the Treasury Management Strategy (Appendix 11 and the detailed criteria included in Appendix 11).

7. Housing Revenue Account Medium Term Financial Plan 2014/15 to 2016/17 and 2014/15 Budget
Key Decision: CORP/R/13/02
Cabinet Portfolio Holders – Councillors Alan Napier and Eddie Tomlinson
Contact - Azhar Rafiq 03000 263 480

We have considered a joint report of the Corporate Director, Resources and the Corporate Director, Regeneration and Economic Development which sought approval of the Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2014/15 to 2016/17 and the 2014/15 budget.

The HRA provides the income and expenditure associated with the management and maintenance of the Council's housing stock of 18,500 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 housing finance system that was established 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 headline implications for 2014/15 are summarised below:

- Dwelling rents for 2014/15 to increase in accordance with Government guidelines which results in an overall average increase of 4.62%;
- Average rent per week to increase from £65.67 per week to £68.70 per week – an increase of £3.03 per week on average (on a 52 week basis);
- Increases in garage rents to be linked to September 2013 RPI of 3.2% and the proposed charges per week for 2014/15 (on a 52 week basis) are £8.52 (for private tenants where we need to charge VAT) and £7.10 (for council tenants who are exempt from VAT);
- A substantial capital investment programme of £50m in 2014/15.

Decision

We have agreed to seek approval from the County Council on the following:

- For the three year HRA Medium Term Financial Plan for 2014/15 – 2016/17;
- To set dwelling rents for 2014/15 in accordance with Government guidelines which result in an overall average increase of 4.62%;

- To increase garage rents in line with RPI as at September 2013 of 3.2%;
- That approval of service charges proposed by the three service providers be delegated to the Head of Economic Development and Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance;
- An HRA capital programme of £50m in 2014/15;
- To authorise the Corporate Director, Resources to make appropriate arrangements on borrowing to finance the capital programme;
- To agree ALMO/INMO management fee levels as follows;
 - Durham City Homes £7,276,000
 - Dale and Valley Homes £5,514,000
 - East Durham Homes £11,285,000

8. Proposal to close Roseberry College and Sixth Form with effect from 31 August 2014

Key Decision: CAS/06/13

Cabinet Portfolio Holder – Councillor Ossie Johnson

Contact - Sheila Palmerley 03000 265 731

We have considered a report the Corporate Director, Children and Adults Services to consider a recommendation to close Roseberry College and Sixth Form with effect from 31 August 2014, and, to consider the views of key stakeholders.

Discussions with the school in respect of future viability began in February 2013 linked to the very high percentage of surplus places in the school and, the falling school roll. In view of the surplus places and future projections, using delegated powers, the Corporate Director, Children and Adults Services approved the commencement of consultation on the closure of Roseberry College and Sixth Form from 31 August 2014. Consultation documents were distributed widely and a total of 20 meetings were held between 30 September and 6 November with staff, Governors, parents, pupils, Parish Councils, Residents Associations and community groups.

The Council initially allowed 6 weeks for consultation (30 September to 6 November). On 11 October 2013, the school requested that the consultation period be extended to enable it to draw up alternative solutions to the closure proposal that would allow local provision of education to be protected. An extension of 4 weeks was granted by the Council and the consultation period therefore ended on 6 December 2013.

The responses to the consultation were received and have been considered by officers and elected members in the County Council. Whilst it is clear that

the majority of respondents expressed strong views in support of keeping the school open, the responses received provided no evidence that keeping the school open would address the issue of low pupil numbers.

The school has the capacity to accommodate 996 pupils. At the beginning of the consultation on 30 September 2013, there were 324 pupils on roll (including Post 16). With such low numbers it is difficult to sustain a secondary school of this size. As funding for pupil numbers reduces there is less funding available to employ teaching and support staff with the necessary qualifications, subject knowledge and experience to deliver a secondary curriculum which could meet the needs of all pupils. A secondary school with a very small school roll would be unlikely to have sufficient income to be in a position to staff 8 secondary departments adequately. There are a range of other duties to fulfil such as exams officer, curriculum planning and timetabling. A school which has reduced its leadership and management capacity to a minimum would find it difficult to manage all necessary areas of a secondary school's work without a direct impact on the quality of all round education offered to pupils.

In the course of the extended consultation period, the council was not presented with details of alternative options that would address the falling numbers on roll. Had alternative proposals been received that the Council believed to be viable, the Council could have taken steps to begin a separate consultation on a new option. During the consultation, Governors requested that the proposal was changed to close the school on 31 December 2014 instead of 31 August 2014. This would enable governors to complete the application process to create a Free School. At the time, the school informed the County Council that the earliest the Free School could open would be January 2015. Governors also indicated that another scenario that the school was considering was joining with an existing Academy. The school provided very little information about either of these two scenarios, despite being specifically requested to provide further information, and the school was advised that the Council would reconsider its position following receipt of any additional information.

As no additional information was provided, the County Council was therefore not in a position to treat the school's options as new options that it wished to consider, to address the low pupil numbers at the school.

The Council did not consider it appropriate to extend the date for closure to 31 December 2014. It is not considered good practice to close a secondary school in the middle of an academic year. Despite the level of response to the consultation, the same concerns about the future viability of the school that were expressed at the beginning of the consultation period remained. After full consideration of all the responses to the consultation and in the absence of a new option that the Council wished to consider, a decision was taken to publish a proposal to close the school and a statutory notice was therefore published on 12 December 2013.

Once the proposal is published there follows a statutory 6 week representation period during which comments on the proposal can be made. The Council received 104 objections to the proposal including objections from pupils, staff, parents, Governors, and, Pelton Fell Community Partnership.

Governors at Roseberry College and Sixth Form submitted an objection to the proposal, including their vision for Roseberry in the future which supports their view that the school should remain open as a small secondary school for the local community. The full response from Governors is attached as Appendix 7. Also attached is a letter that Governors sent to the County Council on 18 December with the Council's letter of response.

Taking account of the objections received and the Governors' vision for continued education provision highlighted in Appendix 7, officers remain concerned about the educational provision at the school going forward and therefore believed it is appropriate for Cabinet to consider carefully the contents of the report to enable it to determine the future of the school. In coming to its decision Cabinet was asked to consider factors contained in paragraphs 48-92 of the report in addition to the other implications referred to in the report.

The Governors' proposal of maintaining a smaller school on a smaller site was given due consideration by Officers of the council. If the council had considered that this was a viable option it could have begun a new consultation on a new proposal to change the age range of the school from 11-19 to 11-16 with a reduced Admission Number (60 instead of 167). The new proposal would therefore establish an 11-16 school with capacity for 300 pupils. As the principle reason for proposing closure of the school is because of low pupil numbers (there were 262 pupils age 11-16 at the school when the consultation started), continuing to maintain a school with a similar low number of pupils for a secondary school, would not be an appropriate solution.

We considered the contents of the report, specifically in relation to concerns relating to pupil numbers and the school's future viability balanced against the strong feeling of the Governors, staff, parents, pupils and the local community to keep the school open.

Decision

We have approved the proposal to close Roseberry College and Sixth Form with effect from 31 August 2014 without condition.

- 9. Seaham New Housing Masterplan**
Key Decision: R&ED/08/13
Cabinet Portfolio Holder - Councillor Neil Foster
Contact: Chris Myers - 03000 262 043

We have considered the report of the Corporate Director, Regeneration and Economic Development on the Seaham new housing masterplan. The report explained the background to the procurement of a dedicated masterplan to guide the planning, design and delivery of a number of specific sites, located to the north-west of Seaham town centre, in which the Council has an interest and which are allocated for housing development in the Pre-Submission Draft

of the County Durham Local Plan. The masterplan has been commissioned jointly with the Homes and Communities Agency (the “HCA”).

The report outlined the assessments and principles underlying the delivery of the sites and indicates the way in which the land will be released for development to optimise the potential for capital receipts and the achievement of wider economic and environmental benefits for Seaham in accordance with approved strategies under the Regeneration Statement (2012-2022) for the county and the wider Regeneration Masterplan for Seaham and Murton (approved by Cabinet in 2012). The delivery of the masterplan will be subject to ongoing review in the context of an existing Joint Venture Agreement made between the Council and the HCA which sets out aims and objectives and arrangements for joint marketing and sharing of costs and returns in relation to the sites.

The report outlines a number of key recommendations that have been made in the context of a baseline review of the subject sites and other potential housing sites in Seaham, demand assessment, site-specific design guidance and wider, spatial masterplanning.

Decision

We have:

- Approved the masterplan as the document which will guide and govern the delivery (jointly with the HCA) of sites under the Joint Venture Agreement; and
- Authorised the Corporate Director of Regeneration and Economic Development in consultation with the Portfolio Holder for Regeneration and Economic Development to acquire remaining land at Malvern Crescent to enable comprehensive development of the site.

10. Welfare Reform Update

Leader and Deputy Leader of the Council- Councillors Simon Henig and Alan Napier, and Cabinet Portfolio Holder, Eddie Tomlinson

Contact - Roger Goodes - 03000 268 050

We have considered a joint report of the Assistant Chief Executive, the Corporate Director, Resources, and, the Corporate Director, Regeneration and Economic Development which provided details on the impacts of welfare reform. The current changes to the welfare reform system are amongst the most significant for over a generation. The government believes that by amending the present system they will be able to encourage more people back into work, reducing dependency on welfare and achieving over £15 billion savings per year by 2015/16.

Within County Durham it is estimated that approximately 95,000 households will be affected by one or more of the elements from the Welfare Reform Act. The Government have now confirmed that the flagship policy change of

Universal Credit which will bring together six existing benefits into a new single payment has been delayed and will not be in place within the North East before 2016. Mapping the impact of these welfare reform changes alongside broader economic trends is not a simple task. Many individuals and families will be affected by more than one welfare reform change or issue, and the ability or resilience of a person to respond may be variable depending on personal circumstances at the time.

The original work looking at the impacts of the welfare reform changes stated that it would be very difficult to predict the outcome of the changes, in part as this would depend on the behaviour of individuals and families affected. It is still very early to predict these impacts, even though robust and comprehensive management information is in place. On the basis of this information, a proposal focusing on the resources available to the council at this time which aims to provide the maximum amount of support was detailed in the report and is summarised as follows.

Discretionary Housing Payments

A submission for additional funding has been made to Government. The Government has announced the overall amount of DHP available for next year has been increased but we do not yet have any indication of the allocation for Durham.

AAP support

All AAPs have funded projects that are linked to welfare reform. It was therefore proposed to make available to each AAP an additional grant of £10,000 which is to be used to top up an existing project or fund a new project within the AAP, according to what can best address local needs.

Employment

Based on the evaluation of the Future Jobs Fund in helping individuals into work, a proposal has been developed to increase the employment support available. It was proposed that £500,000 is made available from the Welfare Assistance Scheme to support this initiative.

Welfare Assistance Scheme

Although demand for the Welfare Assistance Scheme has been less than expected, this is now increasing and it is likely that demand for emergency assistance will increase further over the next few years. It was therefore proposed to develop an option to continue the scheme after March 2015 when Government funding ceases. In anticipation of this, any unused spend from this year and next would be placed into an earmarked reserve which can then be used to continue to fund the scheme if agreed from April 2015.

Decision

We have:

- Noted that an application for additional funding for DHP has been made to Government;

- Agreed to transfer £140,000 from the Welfare Assistance Scheme to AAPs to support grass root projects aimed at helping residents affected by the changes to welfare;
- Agreed to strengthen our proactive support in line with economic and regeneration priority by investing £500,000 of Welfare Assistance Funding on a targeted employability programme;
- Agreed to develop an alternative proposal for the Welfare Assistance Scheme to continue from April 2015 for subsequent discussion and approval;
- Agreed to establish an earmarked reserve for the any funding that is unspent at the end of the 2013/14 and 2014/15 financial years in order to continue to fund the scheme from April 2015 if agreed.

11. Evaluation of Selective Licensing at Wembley
Cabinet Portfolio Holder: Councillor Eddie Tomlinson
Contact - Angela Stephenson 03000 265 612

We have considered a report of the Corporate Director, Regeneration and Economic Development outlining the background to the Selective Licensing Scheme in Wembley, Easington Colliery. The scheme is designed to address issues in the Private Rented Housing Sector. It summarises the evaluation of the Selective Licensing scheme to determine whether the area should be re-designated at the expiry of the current term in February 2014.

Selective Licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. The Council must be satisfied that the landlord is a “fit and proper” person with satisfactory management arrangements in place to deal with any anti-social behaviour caused by their tenants. Selective Licensing applies only to private landlords, not to social landlords. It provides intensive housing management support in areas with problematic private rented housing, aiming to improve neighbourhood conditions by raising private landlords’ management standards.

Durham County Council has three Selective Licensing designations at Dean Bank and Chilton West in the South and Wembley, Easington in the East. An evaluation of the Selective Licensing designation in Wembley is required before the end of its five-year term in February 2014, in accordance with Communities and Local Government (CLG) guidance. The designation was approved and came into effect on 8 February 2009, to run for the standard period of five years.

Following the guidance set by Local Government Regulation, the evaluation of the effectiveness of the scheme for the selective licensing of private sector rented housing at Wembley has focussed on the scheme’s performance against a number of key outcomes. It has also examined how costs compare

to benefits that have been achieved. Details of the evaluation findings were provided in the report.

There is support from residents and other key stakeholders such as the Police for re-designation to take place, to protect the investment that has been undertaken in the locality and to prevent a return to the pre-2009 situation before licensing was introduced.

Decision

We have agreed:

- That the Wembley Selective Licensing designation be re-designated for a further 5 year period.
- That work is carried out to investigate the feasibility of extending to other areas the selective licensing designation, or other measures to support and regulate the Private Rented sector to address problems of low demand and relatively high levels of crime and/or anti-social behaviour.
- That the re-designated Wembley selective licensing scheme adopts the new licence conditions and licence fee (£450), in line with the Council's other two selective licensing designations in Dean Bank and Chilton, creating uniformity across the county. This will accrue additional licence fee income to contribute to the cost of running the scheme.

Councillor S Henig
Leader of the County Council

18 February 2014

County Council

26 February 2014

Budget 2014/15

**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 in the Cabinet's Budget for 2014/15, so that all Members have authoritative advice available when they make their final budget decisions at this meeting of the County Council on 26 February 2014.

Background

- 2 Local Authorities decide every year how much they are going to raise from Council Tax. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of their services in the forthcoming year.
- 3 The decision on the level of the Council Tax is taken before the financial 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 setting its Council Tax for the forthcoming financial year. 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 Service Groupings 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 the Overview and Scrutiny Management Board and Corporate Issues Overview and Scrutiny Committee.
- 7 The budget proposals are based on extensive analysis and assurances from Corporate Directors and their finance support staff. Cabinet Members have worked with their respective Directors throughout the process. Overview and Scrutiny members have been able to question Service Groupings on current budgets, performance and proposals. The public, trade unions and Business Ratepayers and their representatives have also been consulted on the proposals.
- 8 Extensive work has also been carried out to produce an indicative balanced Medium Term Financial Plan (MTFP). A range of broad assumptions have been utilised and robustly challenged as part of the MTFP(4) process. More work is needed for years 2015/16 and 2016/17 to identify total savings of £87m, but in my professional view we have taken all reasonable and practical steps to identify and make provision for the County Council's commitments in 2014/15 in order to achieve a balanced budget.

Adequacy of Reserves

- 9 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Local Authority Accounting Panel (LAAP) has 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 is 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 should 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 known as 'earmarked reserves', to meet known or predicted requirements.

- 12 The CIPFA Guidance highlights a range of factors in addition to cash flow requirements that Councils should consider including:
- The treatment of inflation
 - The treatment of demand led pressures
 - Efficiency savings
 - Partnerships and
 - The general financial climate, including the impact on investment income.
- 13 The guidance 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 recommended within the 2014/15 Budget, appropriate action will need to be factored into the MTFP(5) to ensure that this is addressed over time.
- 14 The risk assessment process has identified a number of key risks which could impact on the Council's resources. The Council continues to face significant Government funding reductions and ongoing budget pressures. In addition there continue to be risks associated with the Business Rate Retention Scheme and the Local Council Tax Reduction Scheme.
- 15 With these risks in mind, 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. The Corporate Director Resources be authorised to establish such reserves as are required in line with the Council's Strategy, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet.
 - Aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates between £33m and £33m.
- 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 Council.
- 17 In my professional view, if the Council were to accept the Cabinet's recommended Council Tax increase of 1.99%, funding for unavoidable service pressures and investments, proposals for savings and for capital investment 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 2014/15.

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Appendix 1: Implications

Finance – This report sets out the view of the Council's Section 151 Officer (as identified in the Local Government Act 1972) in relation to the robustness of estimates and the adequacy of reserves determined in the 2014/15 budget build.

Staffing – None.

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

Equality and Diversity – None.

Accommodation – None.

Crime and Disorder - None.

Human Rights – None.

Consultation – None.

Procurement – None.

Disability Discrimination Act – 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.

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County Council

26 February 2014

**General Fund Medium Term Financial
Plan, 2014/15 to 2016/17 and Revenue
and Capital Budget 2014/15**



**Report of Cabinet
(Councillor Simon Henig, Leader of the Council)**

Purpose of the Report

- 1 To provide County Council with the financial details of Cabinet's budget recommendation for the 2014/15 Revenue and Capital Budget and Medium Term Financial Plan (MTFP4) 2014/15 to 2016/17.

Executive Summary

- 2 The council has faced unprecedented reductions in Government grants since the 2010 Comprehensive Spending Review (CSR) when the expectation for local government was a 28% cut in Government grant for the MTFP (1) period 2011/12 to 2014/15. Since that time the majority of the Chancellor of the Exchequer's March Budget and Autumn Statement announcements have included additional cuts to local government culminating in the 2015/16 Spending Round announcement of June 2013 which detailed a 10% funding reduction for local government in 2015/16. It is now forecast that Government grant to local government will have reduced by over 40% by the end of 2015/16.
- 3 The Chancellor of the Exchequer has also announced the need for a further £25bn of public expenditure reductions for 2016/17 and 2017/18. With £12bn expected to be found from Welfare budgets, £13bn will need to be found from Government Departments. It is expected that Health, Education and Aid budgets will continue to be protected resulting in increased pressure upon the remaining Government Departments. It is therefore forecast that the Government grant reductions for local government in 2016/17 and 2017/18 will be similar in magnitude to those of 2014/15 and 2015/16.
- 4 It is apparent therefore that the financial landscape for local authorities will remain challenging until at least 2017/18. The challenges faced are exacerbated in Durham for a range of reasons:
 - (i) Government grant reductions are not evenly distributed across the country as evidenced by the Government's Spending Power figures. For 2014/15 and 2015/16 the cumulative Spending Power reduction for the council is 6.3% and for the twelve North East councils 7.5%. This compares with a national average reduction of 4.7%, whilst many

affluent areas are seeing an actual increase in Spending Power e.g. Surrey +3% and Buckinghamshire +2.5%;

- (ii) Government funding is now inextricably linked to the performance of the local economy via Business Rate Retention and Local Council Tax Support Schemes. The link to a 'Needs Assessment' is no longer the key determinant of local authority funding. The current economic recovery is centred very much around the South and South East which is benefitting local authorities in those areas;
- (iii) demand for services from local authorities is increasing with the impact of Welfare Reforms continuing to have an impact. Deprived areas are particularly impacted and this issue will continue to be a high priority as the Government plans to remove an additional £12bn from welfare budgets during 2016/17 and 2017/18.

5 Overall it is now forecast that the council will need to save £224m over the 2011 to 2017 period. A sum of £113.9m of savings will have been realised by the end of 2013/14 resulting in a £110.1m savings requirement for the three year MTFP (4) period 2014/15 to 2016/17. The 2014/15 budget requires savings of £23m to be delivered to achieve a net budget requirement of £438.765m.

6 The council undertook innovative and wide ranging public consultation on the MTFP throughout October to early December. Building on our expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over 10,000 people voted at the PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

7 The key findings of the consultation were:

- (i) members of the public found it hard to identify the required level of savings that the council needs to deliver;
- (ii) across all of the different consultation methodologies, there was little consensus on which services to 'protect' in relative terms;
- (iii) there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- (iv) there was a rich level of intelligence from the group exercise work;
- (v) there was support from the group exercises for a council tax rise of up to 2% but very little support for a rise in excess of this level.

8 Despite the difficulties posed by the unprecedented funding reductions on top of unavoidable budget pressures such as inflation, the budget proposals for 2014/15 include a number of investments, aligned to the core priorities of the council and the outcome of the public and stakeholder consultation:

- (i) the council has decided to extend the current Local Council Tax Support Scheme for a further year into 2014/15. This will continue to protect 33,557 Working Age Council Tax Claimants who would otherwise have to start paying a proportion of their council tax due to the Government's abolition of the national Council Tax Benefit scheme in April 2013;
 - (ii) the council continues to prioritise capital investments which is seen as very important in maintaining employment levels within the county and improving infrastructure to assist in regenerating the local economy. The total capital programme for 2014/15 to 2016/17 is £261.090m with a key focus upon regeneration and economic development. Major investments include additional highways maintenance investment from the council of £4.756m to supplement Government grant funding, the redevelopment and relocation of Durham Bus Station and regeneration/site assembly projects in Bishop Auckland, Peterlee, Seaham and Crook;
 - (iii) a £1.3m increase in the Winter Maintenance Budget is included in 2014/15. This will provide increased financial resilience in order to keep our highways and other roads open during inclement weather conditions;
 - (iv) protection is afforded to the Benefits Service which has faced a further Government grant cut of £0.5m. This will enable the council to continue paying the 65,000 housing and Council Tax Support Scheme claimants their entitlements to benefit promptly.
- 9 The council's strategy of the past three years has been to protect frontline services as far as possible and the proposals for 2014/15 are in line with that strategy, though this is becoming increasingly difficult to maintain over time. This report summarises the main proposals, how these are in line with the council's overall strategy and have been shaped by residents' views with an initial high level analysis of the equality impacts.
- 10 Unlike in previous years, it has not been possible to establish high level proposals for the entire period covered by the MTFP. This is because the scale of savings required, coming on top of those already delivered and proposed for 2014/15, presents a much greater challenge than before. It is also the case that there is greater financial uncertainty over the medium term. The Government's spending round covered the period to 2015/16 only, in advance of the general election in 2015. There is also much uncertainty about public health and social care funding in the medium term. It is anticipated that clarity on these major issues will emerge over the course of the next financial year and shape the development of MTFP (5).
- 11 The council's original estimate in 2011 of 1,950 reductions in posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate the impact of further reductions on posts up to 2016/17.
- 12 In the setting of Council Tax levels for 2014/15, consideration has been given to the significant financial pressures facing the council and the fact that

Council Tax levels have remained unchanged since 2010/11. The Government have offered a Council Tax Freeze Grant for 2014/15 equivalent to a 1% Council Tax increase using the higher council tax base determined prior to the implementation of the Local Council Tax Support Scheme. It is forecast that this would generate a Council Tax Freeze Grant of £2.04m. MTFP (4) planning however has been based on a 2% Council Tax increase which is the confirmed Council Tax Referendum Limit. A 2% Council Tax increase would generate additional Council Tax income of £3.29m in 2014/15 which is £1.25m more than the freeze grant option. A recommendation in this report is for Council to agree a Council Tax increase of 1.99% for 2014/15 which is below the current referendum limit and would mean an increase of 33 pence a week for the majority of council tax payers in County Durham, who live in the lowest value properties (Band A).

Background

- 13 The MTFP (4) integrates council plan development which sets out the council's strategic service priorities with financial plan development over a three year budgeting period 2014/15 to 2016/17.
- 14 The MTFP provides a comprehensive resource envelope to allow the council to translate the Council Plan into a financial framework that enables members and officers to ensure policy initiatives can be planned for delivery within available resources and can be aligned to priority outcomes.
- 15 Looking back to MTFP (1) the following drivers for the council's financial strategy were agreed by Cabinet on 28 June 2010 which still stand in the current strategy:
 - 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 service 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 outcomes;
 - ensuring the council can continue to demonstrate value for money in the delivery of its priorities.

Local Government Finance Settlement

- 16 The final Local Government Finance Settlement was published on 5 February 2014 after the Cabinet Report of 12 February had been circulated. The settlement included final figures for 2014/15 and provisional figures for 2015/16. The final settlement for 2014/15 was £93k higher than the provisional settlement with the 2015/16 being the same. The £93k has been added to the corporate risk contingency budget.

- 17 Following consistent feedback to their consultation from local authorities including Durham County Council, the Local Government Association, the Association of North East Councils (ANEC) and the Special Interest Group of Municipal Authorities (SIGOMA), the Government has made some concessions in 2014/15:
- by reducing the New Homes Bonus (NHB) top slice from Revenue Support Grant (RSG) by £100m; and
 - by reversing the decision to transfer NHB funding to the Local Enterprise Partnership (LEP) in 2015/16.
- 18 The Government has chosen however not to make any changes to reduce the scale of other unnecessary holdbacks included in RSG in 2014/15 and recognise the council's view that the distribution of Government grant cuts across the country is unfair. The Government is pressing ahead with their funding system that Durham County Council believes is fundamentally flawed because it fails to fairly distribute grant to meet the cost pressures of providing statutory services and significantly disadvantages some of the most deprived areas of the country.
- 19 The Government announced as part of the settlement that any Council Tax Freeze Grant for 2014/15 and 2015/16 will be built into base budgets in 2016/17 and beyond, allaying any concerns for those councils accepting the freeze grant that this funding would be lost for them in the future

2014/15 Settlement

- 20 The settlement included details of core grants including Revenue Support Grant and Business Rates 'Top Up' Grant. In addition confirmation was received in relation to a range of revenue and capital specific grants. Table 1 below provides details of core grants for 2014/15 which shows a slightly improved position when compared to forecasts of £175k:

Table 1: Core grants for 2014/15

Grant Stream	2013/14 Allocation £m	2014/15 Allocation £m	Variance £m	MTFP (4) Estimate £m	Variance £m
Revenue Support Grant (RSG)	167.162	138.710	(28.452)	(32.031)	3.579
2013/14 Council Tax Freeze Grant	2.033	0.000	(2.033)	0.000	(2.033)
Business Rate RPI Increase (capped at 2% rather than 3.2%)	52.985	54.045	1.060	1.700	(0.640)
Business Rates Top Up Grant (capped at 2% rather than 3.2%)	58.223	59.357	1.134	1.900	(0.766)
Settlement Funding Assessment Adjustment – grant in lieu of lost income from RPI cap	0.000	1.204	1.204	0.000	1.204
New Homes Bonus (NHB)	4.799	6.783	1.984	1.850	0.134
NHB Top Slice Reimbursement	0.943	0.390	(0.553)	0.750	(1.303)
TOTAL CORE FUNDING	286.145	260.489	(25.656)	(25.831)	0.175

21 The main issues to note are as follows:

- after including the 2014/15 increase in the New Homes Bonus (NHB), core grants have reduced by £25.656m when compared to 2013/14;
- although the reduction in RSG is £3.579m lower than forecast this reflects the transfer of Council Tax Freeze Grant into RSG and the reduced NHB top slice as detailed below;
- the 2013/14 Council Tax Freeze grant of £2.033m has been absorbed into RSG. This loss of funding partially offsets the improved RSG position;
- the top slice from the national RSG quantum to finance the NHB has been reduced by £100m. This is reflected in the reduction in the NHB Top Slice reimbursement grant of £0.553m when compared to our allocation last year. We were actually forecasting an increase of £0.75m to £1.693m so we are £1.3m worse off when compared to forecast although this is reflected in the improved RSG position when compared to our forecast;
- Business Rates payable by all business ratepayers will increase by 2% in 2014/15 whilst the Business Rates Top Up Grant has also increased by 2% rather than the 3.2% forecast. The increase should have been 3.2% in line with retail price index inflation as at September 2013; however the Government has capped the increase to 2% as a concession to business rate payers. This has resulted in a reduction in funding against the forecast of £1.406m;
- to compensate local authorities for the loss of business rates income due to the Government's decision to cap the 2014/15 increase in business rates to 2%, a new 'Settlement Funding Assessment Adjustment' funding stream of £1.204m has been introduced;
- overall the actual reduction in core funding for 2014/15 is £175k better than forecast.

22 Specific grants confirmed up to the production of this report are detailed in Appendix 2. The main issues of note are detailed below:

- the Public Health Grant has increased by £1.247m to £45.78m in line with our forecasts. This increase has been assumed in base budget forecasts for 2014/15;
- NHS Funding has increased by £2.834m to £12.936m in line with forecasts;
- the Housing Benefit Administration Grant has reduced by £0.5m. This reduction is included as a base budget pressure in 2014/15.

2015/16 Settlement

- 23 In the Local Government Finance Settlement consultation in July 2013, the council, ANEC and SIGOMA responded strongly in relation to the unfair nature of past and future settlements. Clear evidence was provided that demonstrated how deprived local authorities had faced greater funding reductions since 2011/12 when compared to more affluent areas and were to continue to do so until at least 2015/16. Although it was always unlikely that the 2014/15 settlement would be changed, it was hoped that the Government would acknowledge the feedback and amend the methodology for the 2015/16 settlement figures. The recommendation from ANEC and SIGOMA was that the Government should use their own Spending Power calculations but with every local authority receiving the same percentage reduction.
- 24 Unfortunately the Government has chosen not to adjust the 2015/16 settlement. To highlight the impact on a range of local authorities, Tables 2 and 3 provide a comparison of both RSG and Spending Power reductions for 2014/15 and 2015/16. Spending Power includes RSG, NHB, Council Tax Freeze Grant, Public Health Grant and NHS Funding, even though a high proportion of the NHS funding will be the responsibility of the Clinical Commissioning Groups and not the council. Unfortunately, some specific grants such as Education Services Grant, which is also being reduced in 2015/16 by a forecast £1.9m are excluded, masking the true reduction in funding.

Table 2: Revenue Support Grant Reduction Variations 2013/14 and 2015/16

Comparator	Revenue Support Grant			
	2013/14	2015/16	Reduction	
	£m	£m	£m	%
National	15,175	9,233	(5,942)	39.2
Durham	167.162	98.665	(68.497)	41.0
ANEC	921.615	548.512	(373.103)	40.5
Surrey	151.169	108.976	(42.193)	27.9
Buckinghamshire	58.443	41.494	(16.949)	29.0
Wokingham	18.543	12.448	(6.095)	32.9

Table 3: Spending Power Variations - 2014/15 and 2015/16

Comparator	2014/15	2015/16	Cumulative
	%	%	%
National Average	-2.9	-1.8	-4.7
Durham	-3.7	-2.6	-6.3
ANEC	-4.1	-3.4	-7.5
Surrey	+0.2	+2.8	+3.0
Buckinghamshire	+0.1	+2.4	+2.5
Wokingham	+0.3	+3.0	+3.3

25 Tables 2 and 3 highlight the marked difference between individual local authorities. These variations also mirror the position for the period 2011/12 to 2013/14. The RSG reductions for Durham and ANEC are higher than the national average and significantly higher than areas such as Surrey. The cumulative Spending Power reduction for Durham for 2014/15 and 2015/16 is 6.3% which is 1.6% higher than the national average with the ANEC average reduction being even higher at 7.5%. These reductions are stark when compared with an actual increase in Spending Power for more affluent areas such as Surrey +3.0% and Buckinghamshire +2.5%.

26 The provisional settlement figures for 2015/16 as follows:

Table 4: Provisional 2015/16 Settlement Figures

Funding Stream	2014/15 Allocation	2015/16 Allocation	Variance	MTFP (4) Model	Variance
	£m	£m	£m	£m	£m
Revenue Support Grant	138.710	98.665	(40.045)	(39.713)	(0.332)
Business Rates	54.018	55.509	1.491	1.500	(0.009)
Business Rates Top Up Grant	59.357	60.995	1.638	1.700	(0.062)
TOTAL	252.085	215.169	(36.916)	(36.513)	(0.403)

27 The main issues to note are as follows:

- (i) funding is forecast to reduce further in 2015/16 by £36.916m;
- (ii) the increase in Business Rates income and Business Rates Top Up Grant relates to the forecast level of the Retail Price Index (RPI) of 2.76%;
- (iii) the provisional settlement is slightly worse than forecast. The loss of funding is £0.403m greater than forecast.

28 Provisional specific grant allocations are detailed in Appendix 2. The main issues of note are as follows:

- (i) the Government has withdrawn funding in relation to Local Welfare provision. The funding of £1.9m was introduced to replace the Social Fund which was previously administered by the Department for Works and Pensions (DWP). The funding is being utilised for crisis loans and for providing financial support for vulnerable people in immediate need;
- (ii) the Government has withdrawn the Local Council Tax Support Scheme New Burdens Grant (£0.267m). This withdrawal was expected.

29 The reductions in the council's Settlement Funding Assessment (SFA) for 2014/15 and 2015/16 compared to 2013/14 are detailed overleaf:

Table 5: Settlement Funding Assessment

Funding Stream	2013/14	2014/15		2015/16		Cumulative Variance	
	£m	£m	Variance	£m	Variance	£m	%
Revenue Support Grant	167.162	138.710	(28.452)	98.665	(40.045)	(68.497)	(41.0)
Business Rates	52.985	54.018	1.033	55.509	1.491	2.524	4.8
Business Rates Top Up Grant	58.223	59.357	1.134	60.995	1.638	2.772	4.8
SFA	278.370	252.085	(26.285)	215.169	(36.916)	(63.201)	(22.7)

30 The main issues to note are as follows:

- (i) RSG will reduce by 41% between 2013/14 and 2015/16;
- (ii) these reductions in RSG are partially offset by the inflationary increases (RPI) in Business Rates and Business Rates Top Up Grant;
- (iii) overall, the SFA will reduce by 22.7% between 2013/14 and 2015/16.

Consultation

- 31 The council has a strong track record of involving the public in setting its budget. A major prioritisation exercise was conducted in late 2010 which identified the areas of spend that the public most wanted to see protected from cuts and those which the public prioritised for cuts. This strongly influenced the MTFP for the period 2011 to the present. For example, the public's number one priority of winter maintenance was protected completely from any budget reductions. The council took a lesser percentage cut from adult social care and increased spending on child protection. At the other extreme, proportionally more savings have so far been delivered from management and support services in line with the public's wishes.
- 32 The council asked the public to vote on a scale of one to ten on how we had managed the spending reductions at the end of 2012. Overall the most common score was eight for people involved in AAPs (where ten is the best score) whilst it was seven for the general public. This suggests that the council has been successful in taking the public with us to date. In addition to the overall budget strategy, AAPs and partners have been widely consulted on individual budget savings on changes such as to refuse collection and library opening hours.
- 33 Recognising that Participatory Budgeting (PB) events attract a wide range of people including families, children and young people as well as older people, the council decided to use PB events to consult on the next phase of savings. Whilst the first public consultation on the budget in 2010 covered the original £123m savings to be delivered over the four years to March 2015 we now face further substantial savings to March 2017. It is therefore timely to ask the public their priorities once again.

- 34 The 2013 consultation built on our experience to ensure we developed a better understanding of residents' views about the financial pressures we face over the coming years. The council's task was to create and implement an engagement process that reflects the debates and the difficult decisions that need to be taken by this council.
- 35 Because of the scale of savings required and the complex range of services the council delivers, the primary means of consultation was designed to comprise deliberative focus groups held at the 14 AAP PB events.
- 36 In total 10,693 people cast their votes for local projects in our most recent PB exercise held as part of the autumn AAP forum events. Almost 1,300 of forum event attendees also took part in one of the 270 budget consultation sessions that took place there.
- 37 Since not everyone has time to attend specific local events, there was also the opportunity for residents to take part through either paper based, or an on-line self-completion questionnaire. Paper based surveys were handed out to people attending the forum events and resulted in 2,074 responses. The online questionnaire was promoted through the council's consultation webpages and received 517 responses.
- 38 The emphasis on a more qualitative approach was developed by reviewing the council's previous experience of budget consultation. More quantitative exercises, such as surveys, can provide a more effective means of involving larger numbers of residents but are limited in the scope of complexity that can be presented and the council's budget is complex. Table 6 lists some of the strengths and weaknesses of a qualitative approach. Overall, the group exercises were intended to give residents an opportunity to take part in an open, meaningful debate reflecting the financial challenges the council faces over the next few years.

Table 6: Strengths and Weaknesses of a qualitative approach

Strengths	Weaknesses
<p>Better reflects budget decision making process.</p> <p>Encourages consensus building through debate and negotiation of individual's preferences.</p> <p>Can involve deeper discussion of more complex issues and ideas can be discussed.</p> <p>Facilitator can ensure participants understand exercise and answer any queries.</p>	<p>Results which may not be representative of wider public.</p> <p>Can exclude those not able to attend AAP events</p>

Strengths	Weaknesses
Anyone can take part that wants to (i.e. doesn't require a statistically accurate random sample of residents)	

- 39 The activity itself was designed to be a simplified version of the budget setting process. The council's £400m net expenditure budget was set out in 32 discrete service sectors presented around an activity board. The 32 services varied in size ranging from Residential and Nursing Care for Adults, with a budget of around £58m, to Welfare Rights and Advice, with a budget of around £1m. Participants were provided with plain English service descriptions as well as information on the potential impacts removing funding from a service would have.
- 40 Group activities typically took up to eight residents around 30 – 40 minutes to complete. Participants were challenged to reduce service budgets saving a total £100m of spend to achieve a balanced budget. The exercise was divided into two stages: participants were asked to apply red and green dots to services to indicate their individual preferences for larger and smaller reductions. After this initial phase, staff from the council's finance section aggregated participants' individual preferences and calculated how much savings have been suggested. At this point the vast majority of groups (92%) had not achieved £100m savings. The average saving for all groups at this stage was £93.4m.
- 41 The second stage enabled groups to discuss and negotiate their individual preferences with the aim of achieving the target savings. As the debate progressed the group were updated on their progress towards making the £100m target to encourage the development and evaluation of priorities. At the end of the session 59% (160 out of 270 groups) had achieved the target savings (or at least £97m worth of savings). The total average savings for all groups at the end of the session was £96.8m. Following these discussions all participants were also offered the choice of increasing Council Tax to meet any deficit in their budget. It should be noted for comparison that the few people who completed the paper based survey managed to achieve the target level of savings required.
- 42 Feedback about the groups was very positive. The activity has proved popular with residents with 97% of participants feeling that this is a good way to involve local people in decision making. Very high proportions of respondents felt this activity was clear and easy to understand (98%) and easy to use (99%). Almost everyone felt their views had been listened to (97%) and the vast majority of people who took part (92%) felt they had enough time to complete the activity. Around 14% of respondents would have liked more information about the services involved to help their decision making but this does not appear to have affected the high levels of satisfaction reported by participants. Facilitators at the events noted that many participants recognised this was a difficult and challenging task faced by councils in making these funding reductions.

- 43 In order to provide further evidence for Members the consultation process included analysis of responses by equality characteristic and further targeted work with some equality groups. Response rates to the formal consultation show that:
- Gender – overall more females (57.7%) than males (42.3%) took part, though more males (53.3%) than females (46.7%) completed the online version.
 - Age – overall most responses were received from those aged 35 – 74 with the highest number of responses (19.4%) from those aged 55 – 64 years.
 - Disability – the breakdown of response rates across all three consultation methods was similar with around 10 – 12% from disabled people and 88 – 90% from non-disabled people.
 - Race – 1.3% of responses were Black and ethnic minority people.
 - Religion – the majority of response came from Christians (72.1%) with 26.1% from those with no religion or belief and 1.8% from other religions and beliefs.
 - Sexual orientation – almost 3% of responses were from lesbian, gay or bisexual people.
- 44 Using PB ensured that large numbers of residents were involved in local decision making but this did not, however, provide complete coverage. In order to ensure further participation in the process other groups were engaged through specific targeted events. The Disability Partnership were encouraged to take part in the consultation and targeted sessions were held with school children, older people and people with learning disabilities through the Pathways service. All results have been taken into account in developing the following key messages and commentary about this consultation.

Key Messages

- 45 AAP forum events were held between October and December and proved very popular with residents. Over 10,000 people attended in total making this the largest public engagement exercise ever held in County Durham. Almost 1,300 of event attendees took part in one of the 270 budget consultation sessions that took place across the 14 AAPs.
- 46 This year there was a greater emphasis on a more qualitative approach intended to give residents more of an opportunity to take part in an open, meaningful debate reflecting the financial challenges the council faces over the next few years.
- 47 Over half (59%) achieved the £100m savings target (based on those that achieved at least £97m in savings). Despite failing to achieve the target savings, the remaining 110 groups tended to prioritise similar services for both protection and larger reductions. The key difference in determining whether the savings target was met seemed to be the difference in the extent to which

groups were prepared to protect services. For example 83% of groups that did not achieve the target savings prioritised social work and protecting vulnerable children and adults by applying lower reductions. The equivalent percentage for those groups that did achieve the savings was lower at 62%. This pattern was similar across all services prioritised for lower reductions within the group exercises.

- 48 Through the course of the discussion priorities changed. After initial discussions more than a third of all choices were lower reductions protecting budgets. (At this stage, for those groups that achieved the target savings at the end of the exercise, the average savings was £90.3m.) However, by the end of the sessions this proportion fell and the proportion of higher reductions increased by an equivalent amount. The proportion of standard choices stayed the same. This shift in prioritisation enabled these groups to achieve the required savings. In other words, people who initially wanted to protect certain services, when faced with the levels of saving targets somewhat reluctantly changed their priorities.
- 49 Anecdotally, staff who facilitated the focus groups noted that groups took the exercise seriously and found it very challenging to actually reach the required savings. The most frequent comments from participants, throughout the whole consultation exercise reflected the views that services for vulnerable people should be protected and savings should be sought from 'back office' and other non-essential services. These views are in part reflected in how residents prioritised services.
- 50 Overall, results across the three methods, focus groups, online and paper based, showed some consistencies but also key differences. In both the online and the paper based methods no services were prioritised for lower reductions by a majority of respondents (i.e. more than 50%), whereas the focus group method prioritised seven services for smaller reductions using the same majority threshold. There was much more agreement about services that should be prioritised for larger reductions.
- 51 There was a high degree of consensus about which services should be prioritised for larger reductions. The following services were the only four most frequently prioritised for larger reductions across all three methods of engagement:
- **Finance, Legal, IT & Human Resources**
 - **Performance management, policy & communications**
 - **Democratic Support - decisions & elections**
 - **Subsidised bus travel**
- 52 Even if it were possible to eliminate these services entirely the savings achieved would only be just over half the required amount (£54m) and some level of back office service is of course required to allow the authority to function.
- 53 Four other services were very close to having a majority across all three methods:
- **Grass cutting, trees and flower beds**

- **Maintenance of council buildings**
- **Planning services**
- **Borrowing for New Developments**

54 However, only the group exercises provided a large enough consensus to protect services by applying a smaller reduction. The following services were prioritised for smaller reductions, by a majority of focus groups:

- **Job creation**
- **Social work and protecting vulnerable children and adults**
- **Support for adults in their homes**
- **School support and education services**
- **Support for community projects, centres, partnerships & groups**
- **Gritting & snow clearance**

55 There was little support for an increase in Council Tax of more than 2%. However, around two thirds of the group exercise felt that an increase of up to 2% would be acceptable.

Discussion of Findings

56 This year’s budget consultation provided a challenge for residents as well as an opportunity to share their views about how to prioritise our services. The challenge for residents was to tell us about their priorities whilst balancing the council’s budget achieving around £100m of savings.

57 Overall, results across the three methods, focus groups, online and paper based, showed some consistencies but also key differences. In both the online and the paper based methods no services were prioritised for lower reductions by a majority of respondents (i.e. more than 50%), whereas the focus group method prioritised seven services.

58 There was much more agreement about services that should be prioritised for larger reductions. Finance, Legal, IT and Human Resources was most frequently chosen for larger cuts regardless of method of engagement (84% of group exercises, 72% of paper based respondents and 69% of online respondents). Three other services were prioritised for larger reductions by more than 50% of groups or respondents across all three methods. These were; Performance management, policy & communications, Democratic Support - decisions & elections and Subsidised bus travel. Table 7 provides a breakdown of participants’ priorities across all three methods of engagement. Services in bold were prioritised across all three methods.

Table 7: Most frequently prioritised services across different methods

Method	Most frequently prioritised for smaller reductions (more than 50% of groups/respondents)	Most frequently prioritised for larger reductions (more than 50% groups/respondents)
Group exercises	Job creation Social work and protecting vulnerable children and adults Support for adults in their homes School support and education services Support for community projects, centres,	Finance, Legal, IT & Human Resources Planning Services Maintenance of council buildings Grass cutting, trees & flower beds Subsidised bus travel Performance management, policy &

Method	Most frequently prioritised for smaller reductions (more than 50% of groups/respondents)	Most frequently prioritised for larger reductions (more than 50% groups/respondents)
	partnerships & groups Gritting & snow clearance Children's Centres & support for families	communications Democratic Support - decisions & elections Borrowing for new developments Collection, disposal & recycling of waste
Online		Finance, Legal, IT & Human Resources Performance management, policy & communications Democratic Support - decisions & elections Subsidised bus travel Support for community projects, centres, partnerships & groups
Paper		Finance, Legal, IT & Human Resources Democratic Support - decisions & elections Performance management, policy & communications Maintenance of council buildings Planning Services Subsidised bus travel

59 Over half (59%) of groups achieved the £100m savings target (based on those that achieved at least £97m in savings). Despite failing to achieve the target savings, the remaining 110 groups tended to prioritise similar services for both protection and larger reductions. The key difference in determining whether the savings target was met seemed to be the difference in the extent to which groups were prepared to protect services. For example 83% of groups that did not achieve the target savings prioritised Social work and protecting vulnerable children and adults by applying lower reductions. The equivalent percentage for those groups that did achieve the savings was lower at 62%. This pattern was similar across all services prioritised for lower reductions. A breakdown of all results from focus groups, paper based and online methods is available in Appendix 3.

60 There were, however, a small number of services where the overall prioritisation outcome differed depending on whether the group achieved the savings target. For example almost two-thirds (62%) of groups that did not achieve the savings target prioritised Residential and Nursing Care for Adults for a smaller reduction. However those groups that achieved the savings target reached the opposite conclusion with almost half (46%) choosing a larger reduction (Table 8). This is an indication that participants' initial priorities were altered by the scale of the savings required.

Table 8: Variation in Prioritisation of Residential and Nursing Care for Adults

	Larger Reduction	Standard 25% cut	Smaller Reduction
	%	%	%
Groups achieving less than £97m	9	29	62
Groups achieving more than £97m	46	33	21

- 61 Two further services, Fostering, Adoption and Children’s Homes and Day Centres and Support Activities for Adults, showed a similar, though less pronounced, difference.
- 62 Collectively, a clear majority of the groups that achieved at least £97m savings agreed to prioritise the following services for higher and lower reductions. It should be noted that there was more consensus about which services should be cut by more than 25% than those that should be cut by less. There were some differences in prioritisations across the different methods employed but there were many common aspects to the results. Below is a list of those services that were prioritised for larger and smaller reductions, along with an indication of the strength of feeling across different methods of engagement.
- 63 Services with Larger Reductions – where a majority of groups (more than 50%), that achieved the £100m savings target, said that a specific service should have a larger reduction.
- **Finance, Legal, IT & Human Resources** were the services prioritised for larger reductions most commonly (by 84% of groups). This view was supported online (69%) and paper based (72%) versions.
 - Slightly more than three quarters (74%) of groups felt **planning services** should take larger reductions. This view was supported by large numbers of respondents paper based (56%) exercise, though marginally not a majority, in the online method (49%).
 - Almost three quarters of groups (73%) said that the budget for the **maintenance of council buildings** should face a larger reduction. This view was supported by large numbers of respondents in the online (49%) and paper based (58%) versions.
 - **Grass cutting, trees and flower beds** was identified for larger cuts by more than seven out of ten groups (71%). This view was supported by large numbers of respondents to the online (49%) and paper (50%) based methods.
 - Almost two-thirds of groups (63%) said that **Subsidised bus travel** should face larger reductions. A view supported across other methods (62% online and 55% paper based).

- Almost two-thirds of groups (63%) said that **Performance Management, Policy and Communications** should face larger reductions. A view similarly reflected across other methods (66% online and 60% paper based).
- **Democratic Support – decisions and elections** was prioritised for larger reductions by over half of all groups (63%) and a majority of online and paper (both 62%) respondents.
- **Borrowing for New Developments** was prioritised for larger reductions by over half of all groups (57%) a view similarly supported by online (46%) and paper (49%) methods.
- **Collection, disposal and recycling of waste** was prioritised for larger reductions by a narrow majority of all groups (51%). There was less support for this view amongst online (30%) and paper based (25%) respondents.

64 Services with Smaller Reductions – where a majority of groups (more than 50%), that achieved the £100m savings target, said that a specific service should have a smaller reduction:

- **Job creation** was protected from larger cuts by almost two-thirds of groups (63%) but support for this view was less strong in online (38%) and paper based (31%) methods where a narrow majority of respondents favoured a standard reduction.
- **Social work and protecting vulnerable children and adults** was protected from larger reductions by the majority of groups at AAP events (62%). However, a majority of paper based respondents (56%) and online respondents (53%) said this service should have a standard reduction.
- Services that provide **support for adults in their homes** tended to be protected from larger budget reductions especially by those participating in the group exercises (61%). The proportion of groups targeting this service for higher reductions tended to be relatively low (8%). However, a majority of respondents to the online (51%) and paper based (54%) methods preferred a standard reduction for this service.
- **Gritting and snow clearance** was also protected by a majority of groups (56%) with some support for this point of view amongst online (34%) and paper based (32%).
- Over half of groups (61%) prioritised **school support and education services** for lower reductions with much less support for this view from respondents to the online (17%) and paper based (28%).
- Over half of groups (56%) prioritised **support for community projects, centres, partnerships & groups** for lower reductions but support was much lower amongst paper based (21%) and particularly online respondents where a majority (50%) favoured a larger cut. This

particular result reflects the context within which the budget consultation events were held. Many people taking part in these sessions were there to support community projects through the participatory budgeting exercises.

- Just over half of groups (53%) prioritised **Children's Centres & support for families** for lower reductions. There was much less support for this view amongst online (12%) and paper based (18%) respondents, where the majority designated this service for a standard reduction. Both these methods indicated a preference for a standard reduction.

- 65 Generally, in terms of prioritising larger reductions, there was little geographic variation between exercises held in different parts of the county. Events at just three AAPs (Chester-le-Street, East Durham Rural and Teesdale) identified three additional service areas targeted for higher reductions: these were Residential Care for Adults, Collection and disposal of waste and recycling and Arts, Museums and Theatres. However priorities for smaller reductions showed much more variation. Six AAPs identified additional priorities. Most commonly these were Roads, footpaths, traffic & lighting and Sports, parks and play areas.
- 66 Generally there were many similarities in outcomes across the whole exercise; however groups' views were split about some services. For example, although 40% groups said Libraries should be protected from larger reductions, a sizeable minority of one in three groups (31%) said the opposite, that Libraries should be targeted for higher reductions. A further example of mixed views is Day Centres and support activities for adults. Less than half of groups 43% decided that this service should be cut by the standard 25%. However the remaining 57% of groups were split evenly amongst higher (29%) and lower (28%) reductions.
- 67 Targeted work with under-represented groups again shows similar trends but also some key differences. These sessions involved younger people, through events at four secondary schools and a youth forum, the council's Learning Disability Parliament and older people at a day centre in Spennymoor.
- 68 Overall these groups were much more likely to protect a relatively high proportion of services from larger cuts, meaning overall savings targets were not achieved by many. The specific services protected were similar to those identified through AAP group exercise (see Appendix 3) with only support for community projects, centres, partnerships & groups and support for adults in their homes not protected from the largest reductions.
- 69 Again these groups prioritised similar services for higher reductions including Democratic Support, Finance, Legal, IT and Human Resources, Performance Management, Policy and Communications and Subsidised Bus Travel (Appendix 3).

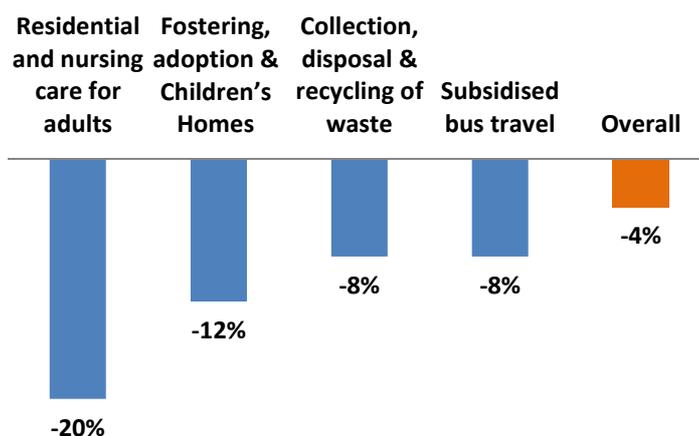
Reaching Decisions through Debate

- 70 Within their discussions about priorities it is clear that participants have made some difficult choices. Of those groups that achieved the £100m target there

was a small but measureable shift in how groups prioritised services over the course of the session. These 160 groups made over 4,300 choices in total, deciding whether each of the 32 services should have a higher, standard or lower reduction.

- 71 After initial discussions more than a third (34%) of all decisions were lower reductions protecting budgets. (At this stage the average saving amongst these groups was £90.3m.) However, by the end of the sessions this proportion fell to 30%. Conversely the proportion of higher reductions increased from 31% to 35% enabling these groups to achieve savings overall and the proportion of standard choices stayed the same at around 35%. This shift in prioritisation enabled these groups to achieve the required savings.
- 72 However for certain services this shift in prioritisation was much greater. For example, the largest shift was in how groups prioritised Residential and nursing care for adults. Initially almost half of these groups (41%) said this service should be protected from larger reductions with the majority of groups prioritising this for a lower reduction. However by the time priorities were finalised many groups' views had shifted to conclude that this service would not be protected with almost a quarter of groups shifting their lower reduction designation to a standard or higher reduction in even proportions. (Fig 1).

Figure 1 Change in extent to which groups protected services between initial discussions and final decisions



- 73 Part of the reason for this shift reflects the level of sophistication within the groups' decision making process. One of the most frequent comments from participants, throughout the whole consultation exercise was that services for vulnerable people should be protected and savings should be sought from 'back office' services. However, the group process acutely illustrated to participants that, if certain services are to be protected with smaller reductions the further savings made to 'back office' services will not be sufficient to balance the budget. This meant that groups had to re-evaluate their initial priorities to achieve the savings required.
- 74 For example, many groups felt initially that both Residential Care and Support for adults in their homes were key priorities, with many recognising the links between these services. Through the course of their deliberations, groups that achieved the savings target were more likely to retain the protection on

Support for adults in their homes but re-prioritise Residential Care for either a standard or, in some cases a higher reduction.

- 75 Similar shifts in view, albeit less common were also found in the following: Fostering, Subsidised Bus Travel and Collection and disposal of waste and recycling. However, it should be noted that sizeable proportions of respondents wanted to retain protection for these services (including Residential Care) illustrating the difficulties in reaching a clear consensus and balancing a budget.
- 76 In addition to the priority results participants were also invited to provide comment about some of the reasons why they made their decisions. Many residents took this opportunity and took the time to explain what they felt was important and why. The themes discussed are similar to those communicated in previous budget consultation exercises. Table 9 has a breakdown of these comments.

Table 9: Comments about decisions made

Broad Category of Comment	Number	%
Protect basic needs and support services for vulnerable people	515	29%
Avoid waste and increase efficiency	470	26%
Reduce Councillor and staffing costs	324	18%
Work with the community	150	8%
Fairness	88	5%
Charges	78	4%
Other	181	10%
TOTAL COMMENTS	1806	100%

- 77 Overall there was a strong focus on the need to protect those services that provide support for basic needs and wellbeing. More than a quarter of all comments received (29%) reflected this sentiment. Responses also identified specific vulnerable groups including: elderly people, children, women affected by violence, people with disabilities and people with mental health and wellbeing needs. Furthermore some respondents also felt it was important to protect essential services in rural areas.
- 78 A similar proportion of comments (26%) reflected the views that savings should be sought by increasing efficiency and avoiding waste. Respondents felt this could be achieved through better monitoring of spending, cutting down on unnecessary expenditure.
- 79 Almost a fifth of comments (18%) reflected the view that greater savings should be targeted at back office services, but also felt that all services could be made to be more efficient by avoiding waste. A high proportion of commenters felt that senior staffing and councillor costs could be reduced.

Public Views on Setting Council Tax

- 80 Following the budget consultation exercise participants were asked to consider increasing council tax to help offset the size of the savings required. Within the group exercises there was little support for a rise of over 2%. Less than one in seven participants (13%) actively voted for this option. The majority of online and paper based respondents also shared this view preferring no rise of over 2% in Council Tax.
- 81 As part of the discussions within focus groups, a supplemental question was asked about whether participants would support an increase of less than 2%. A majority of these participants (66%) voted for an increase in Council Tax of less than 2%.

Consultation with Key Partners and Elected Members

- 82 Following consideration of the budget report to Cabinet on 22 January 2014, views were sought from key stakeholder groups on the consultation findings and the budget proposals. Comments were requested from the organisations that make up the County Durham Partnership, along with the representatives that sit on the Council's Voluntary and Community Sector and the Local Councils Working Groups.
- 83 A presentation on the proposals was also made to a meeting of Durham's North East Chamber of Commerce, the key suggestion from which was a desire for the Council to ensure it maximised its income levels.
- 84 Written responses to the consultation have been received from Durham Constabulary, the Tees, Esk and Wear Valley NHS Foundation Trust, Livin, Durham Community Action, Durham Dales, Easington and Sedgefield Clinical Commission Group (CCGs), the County Durham and Darlington Foundation Trust and the County Durham Association of Local Councils (CDALC). Copies of these responses are available from the Members Library.
- 85 The majority of organisations making written submissions acknowledged the significant challenge facing the Council in setting its budget and welcomed the strategy to protect as far as possible front line services. A number specifically expressed their support for the proposals contained within the Cabinet report.
- 86 Most organisations recognised the significant level of public consultation and were reassured with the feedback. Durham Community Action and Tees, Esk and Wear Valley NHS Foundation Trust (TEWV NHS) were pleased with the targeted consultation with special interest groups.
- 87 All organisations expressed a desire to be involved in further detailed discussions as specific proposals for service changes that affect their areas of operation and impact on the lives of their customers are developed. In addition, many expressed their support for the protection of the Local Council Tax Support Scheme.
- Both the TEWV NHS and the CCGs supported the use of reserves to delay the impact of budget pressures on Adult Social Care.

- Durham Community Action welcomed the increases in the public health grants but would like clarity as to future investment opportunities for this funding. Given the importance of partnership working, they are also keen to see the continued support for technical and back office support which underpins project design, commission, delivery and fund management for EU funding.
- The Police supported the provision of funds to AAPs and local councillors as they felt this is key to local areas being able to engage in tackling issues important to them.
- Livin believe that the areas for budget reduction would have a significant impact on their tenants and welcomed the opportunity to have further exploratory discussions around alternative delivery models where mutually beneficial.
- County Durham and Darlington NHS Foundation Trust expressed their support for borrowing for new developments where there is a clear link to economic development. They felt services for people in their own homes and residential care for adults should be protected from higher funding reductions.
- CDALC has stated that the Local Council sector will endeavour to support and work with the Council wherever possible to minimise the effects that these significant reductions are having on our local community resources.

88 In addition to consultation with external partners, during the development of the MTFP, non-executive members have been engaged in the process through a series of scrutiny meetings and seminars. These have included a special meeting of the Corporate Issues Overview and Scrutiny Committee on 27th January 2014 and Overview and Scrutiny Management Board on 17 February 2014. Feedback from scrutiny will be given to Cabinet by the Chair of the Overview and Scrutiny Management Board.

Recommendations

89 **It is recommended that Members**

- (i) **note the outcome of the consultation carried out as part of the development process for the 2014/15 budget and for future budgets.**
- (ii) **note that the suggestions made by the public to help manage the budget reductions have been considered by the council.**
- (iii) **note the feedback from partners and Elected Members;**
- (iv) **agree that the council continue to engage with the public in future budget setting processes and prior to implementing changes to frontline services.**

MTFP Strategy

- 90 The strategy the council has deployed to date has been to seek savings from management, support services, efficiencies and increase income from fees and charges to minimise the impact of reductions on frontline services.
- 91 Throughout the period covered by the MTFP (1) through to MTFP (4), the amount of savings required has risen from £123m to £224m. It is clear that it will become increasingly difficult to protect frontline services.
- 92 To date the council has implemented the agreed strategy very effectively:
- £113.9m savings will have been delivered by the end of 2013/14.
 - savings have been delivered on time, or in some areas ahead of time. This is critical since slippage would mean that the council would have to deliver higher savings over time;
 - 64% of savings to date have been from non-frontline services, exceeding our initial aspiration that at least half would be from non-frontline services;
 - by the midpoint of 2013/14, the number of employees earning over £40k had been reduced by 29%. This has significantly reduced management costs.
 - proportionally more than three times as many manager posts have been removed than frontline staff;
 - whilst income from fees and charges has been increased, this has not taken the council to a position of having the highest levels of fees and charges in the region or nationally which is important given the socio-economic make-up of the county;
 - 1,520 posts have been removed to date which is in line with the original projections of 1,950 posts by the end of 2014/15. Management of change policies and HR support have ensured that this degree of change has been managed effectively.
- 93 The importance of delivering savings early if practicable cannot be over emphasised. The generation of reserves in the form of cash limits has been essential in ensuring delivery of the savings, enabling a 'smoothing' of implementation from year to year.
- 94 In general, the fact that the council has been accurate in forecasting the level of savings required has developed strong plans and robustly managed implementation including high volumes of consultation and communication has put us in as strong a position as possible to meet the continued and enhanced challenges.
- 95 The council's existing MTFP strategy accords well with the priorities identified by the public. For example:

- (i) **Protecting basic needs and support service for vulnerable people:** although the scale of Government spending reductions is such that all MTFPs including MTFP (4) have identified unavoidable impact on vulnerable people, the council works hard with partners to minimise this impact. In MTFP (4), support has been included to protect working age people on low incomes through the council tax support scheme and the identification of other support to help mitigate the impact on vulnerable people. Work with health partners continues to help ensure that health and social care funds are maximised and every proposal with the potential to impact on vulnerable people is subject to an assessment to identify likely impacts and mitigate these as far as possible;
- (ii) **Avoid waste and increase efficiency:** the council has a good track record of increasing efficiency since local government reorganisation. This includes rationalisation of council buildings, IT systems and changes such as the move to alternate weekly refuse collections. All employees have the ability to suggest ideas that could reduce waste and improve efficiency and several, value for money reviews have been successfully implemented. The council benchmarks itself against other organisations. The fact that 64% of savings to date have been from non-frontline services is testament to successes in increasing efficiency.
- (iii) **Reduce councillor and staffing costs:** councillor costs were significantly reduced at LGR with associated support costs also reduced. The reduction in staffing of 1,950 posts by the end of 2014/15 is a significant reduction in staffing costs. Proportionally more reductions have been made in management than frontline costs.
- (iv) **Work with the community:** the council is a forerunner in asset transfer, having successfully transferred leisure centres and working towards the transfer of community buildings. The council has recognised the need for investment in resources to work with the community to achieve successful outcomes in this area and shares the public's view that there is scope to continue this in the future. The commitment to public consultation throughout the development of successive MTFPs is also evidence of strong desire to work with the public.
- (v) **Fairness:** the council continues to lobby the Government on the unfairness of the geographical distribution of Government cuts. There is more independent evidence that councils serving deprived areas have faced and are facing the largest cuts. The council is committed to carrying out impact assessment on its policy changes, including those arising from austerity, to identify how reductions can be made in a fair way.
- (vi) **Charges:** the council has addressed some of its financial challenges through increasing charges. However it is also acknowledged that it would not be appropriate to aim for the highest charges possible given the income levels of the majority of residents and service users.

- 96 It is clear that austerity will continue over the lifetime of the three years of this medium term financial plan. Where the savings targets were declining year on year from the huge reduction of £66 million in 2011/12, the council now faces several years where the targets are growing year on year from 2014/15. Obviously, the fact that each year's reduction is on top of those of previous years leading to a cumulative £224m since 2011/12 up to 2016/17 means that the council continues to face a very considerable financial challenge.
- 97 In addition, local government generally is facing more uncertainty about future funding and absorbing more risks from central Government.
- 98 Increased risk arises from several sources:
- under the Local Council Tax Reduction Scheme, national risk arising from any increased numbers of benefits claimants has been transferred in the case of council tax support to local authorities since 2013/14. The risk is greater for authorities like Durham that serve deprived areas and have weaker economic performance than the national average;
 - Business Rates Retention was introduced in 2013/14 to incentivise local authorities to focus on economic regeneration. This has always been the top priority for the council. Unfortunately, the changes again shift risk once managed nationally to local authorities if there is a downturn in the local economy and local business rate yield reduces;
 - Welfare Reform carries increased financial risk to the council in areas such as the Benefits Services, homelessness and housing. Similarly council tax may become more difficult to collect, creating increased financial pressure;
 - ongoing Council Tax capping restrictions – the MTFP is predicated on an annual 2% Council Tax increase; any Government imposed percentage reduction in this cap will create a pressure of circa £800k per 0.5% reduction;
 - forecasts for public health and social care allocations are not known for the full period covered by MTFP4. Similarly, it is not known whether the national health formula review will have a knock on effect on health and social care budgets. The future of the Dilnot review on the funding of adult social care is not yet clear but will have financial implications for one of the council's largest budgets;
 - normal risks such as price and pay inflation beyond MTFP forecasts obviously still apply.
- 99 Since clarity is expected to emerge throughout 2015, outline savings plans have yet to be fully developed beyond 2014/15. Planning work will begin on MTFP (5) in the Spring of 2014.

Revenue Budget for 2014/15

- 100 Updates upon the development of the 2014/15 budget have been reported to Cabinet over the last nine months. These updates have provided detail upon

the resources available, budget pressures and the savings required to balance the budget. This report provides details of the final position.

Base Budget Pressures in 2014/15

- 101 The MTFP (3) for 2013/14 to 2016/17 agreed by council on 20 February 2013 identified a range of forecast base budget pressures for 2014/15. Throughout the intervening period Cabinet has approved updated MTFP (4) reports which have reviewed and updated estimates. The table below details the final forecasted position on the 2014/15 Base Budget pressures:

Table 10 – 2014/15 Base Budget Pressures

Pressure	Amount
	£m
Carbon Reduction – Carbon Tax	0.370
Expiry of LGR Disturbance Allowances	(0.220)
Pay Inflation – 1%	1.950
Price Inflation – 1%	1.475
Corporate Risk Contingency Budget	0.093
Reduced Employer Pension Contributions	(0.700)
Energy Price Increases	0.200
Insurance Claims	1.000
Housing Benefit Admin Grant Reduction	0.500
Reduction in Community Buildings Running Costs	(0.180)
Delay in Realising Leisure/Culture Saving	0.616
CAS Demographic and Hyper Inflationary Pressures	1.000
Reduction in Borrowing Costs for Current Capital Programme	(0.250)
TOTAL	5.854

Additional Investment

- 102 The council has noted the consistency of response from MTFP consultation responses in relation to the winter maintenance budget. With this in mind the council has reviewed the winter maintenance budget, especially in light of the significant expenditure incurred over the last two winters. To ensure sufficient funding is available to finance a 'normal' winter's maintenance cost, additional investment of £1.3m is required.
- 103 The additional £93k of RSG announce in the final settlement has been included in the Corporate Risk Contingency Budget for 2014/15. The £93k will be removed from this budget in 2015/16 thereby reducing the 2015/16 savings target.
- 104 The council continues to invest in infrastructure. An additional £2m of revenue will be provided in the 2014/15 budget to finance Prudential Borrowing to continue the support for new projects within the capital programme. A key priority of the capital programme is to stimulate regeneration and job creation within the local economy.

Chairman and Vice Chairman Civic Expenses

105 Included in the budget for the Resources Service Grouping and specifically as part of the Legal and Democratic services budget are two allowances paid under the 1972 local government act the Chairman (£8,580) and the Vice Chairman (£4,220) to cover the expenses of their office. Until May 2013, these were paid in the form of quarterly lump sums to each of the civic dignitaries. On 17 December 2013, the Constitution Working Group agreed to recommend to Council that the Chairman's allowance be transferred to the Civic Events Budget and that the Chairman's hospitality budget should be renamed "Civic Expenses" with the Vice Chairman's allowance also being transferred to that budget. Constitution Working Group also agreed that these allowances should no longer be paid in the form of lump sums and should be used for the purposes of meeting reasonable out-of-pocket expenses of the Chairman and Vice-Chairman arising from the Civic Events or Civic expenses, under the administration of the Member Support Team.

Savings Methodology

106 The council's strategic approach to achieving savings for the previous MTFP (3) period 2013/14 to 2016/17 was to set out in the approved Budget report to Council on 20 February 2013. At that time the council was forecasting savings of £188.1m for the period 2011/12 to 2016/17.

107 To date, the council has delivered the savings required on schedule where each of the years 2011/12 to 2013/14 annual savings targets have been achieved totalling £113.9m.

108 During 2013/14, a range of factors have impacted upon the forecast level of Government cuts and the subsequent level of savings required across MTFP (4). These factors are detailed below:

- (i) the Government's March 2013 Budget announced an extra 1% funding cut in 2014/15 for local authorities;
- (ii) the 2015/16 Spending Round announcement in June 2013 identified a 10% funding cut for local authorities in 2015/16.
- (iii) the Local Government Finance Settlement Consultation published in July 2013 exemplified that in 2015/16 the funding reduction for the council was forecast to be 16% rather than 10%.

109 The savings plans for each Service Grouping for 2014/15 are detailed in Appendix 4. Service Groupings have received savings targets of £22.073m for 2015/16 and savings plans are being worked up and will be reported to Cabinet in the early summer of 2014 during the development of MTFP (5).

Table 11 – Service Grouping Savings Plan 2014/15 – 2016/17

Service Grouping	2014/15	2015/16	2016/17	TOTAL
	£m	£m	£m	£m
ACE	0.410	0.606	-	1.016
CAS	12.430	13.966	-	26.396
NS	3.767	5.581	-	9.348
RED	1.092	1.280	-	2.373
RES	2.893	1.574	-	4.467
Other	2.434	-	-	2.434
Savings to be identified	-	16.315	47.712	64.108
TOTAL	23.025	39.321	47.712	110.058

- 110 In addition to ongoing work in relation to the 2015/16 savings, work will also begin and continue to be worked up over the MTFP (5) process to identify the required savings for 2016/17.
- 111 The revised forecast saving for the period 2011/12 to 2016/17 is detailed below:

Table 12 – Total Savings 2011/12 to 2016/17

Period	Saving
	£m
2011/12 to 2013/14	113.9
2014/15 to 2016/17	110.1
TOTAL	224.0

2014/15 Net Budget Requirement

- 112 After taking into account base budget pressures, additional investment and savings targets, the council's recommended Council Net Budget Requirement for 2014/15 is £438.765m. The financing of the Net Budget Requirement is detailed below:

Table 13 – Financing of the 2014/15 Budget

Funding Stream	Amount
	£m
Revenue Support Grant	138.710
Business Rates	52.342
Business Rates – Top Up Grant	59.357
Council Tax	168.844
New Homes Bonus	6.784
New Homes Bonus Reimbursement	0.390
Education Services Grant	7.237
Section 31 – Small Business Rate Relief	2.194
Section 31 – Settlement Funding Adjustment	1.204
Section 31 – Empty Property and Retail Relief	1.703
TOTAL	438.765

- 113 The Gross and Net Expenditure Budget for 2014/15 for each Service Grouping is detailed in Appendix 5. Appendix 6 provides a summary of the 2014/15 budget by Service expenditure type, based upon the Chartered Institute of Public Finance (CIPFA) classification of costs.
- 114 The Government has confirmed that local authorities will receive a Council Tax Freeze Grant equivalent to a 1% increase in Council Tax, if they agree not to increase Council Tax in 2014/15. This grant for Durham would be an estimated £2.04m. The Government has also confirmed that the Council Tax Referendum Limit for 2014/15 is 2%, therefore should the council agree to a Council Tax increase of 1.99% which would be below the referendum limit; this increase would generate additional Council Tax income of £3.29m in 2014/15.
- 115 The 2014/15 Council Tax Base which is the figure used to calculate council tax income forecasts, was approved by Cabinet on 19 December 2013 as 129,047.4 Band D equivalent properties. Based upon the council's track record in collecting council tax from council tax payers, the tax base for Council Tax setting and income generation processes will continue to be based upon a 98.5% collection rate in the long run.

Recommendations

- 116 **It is recommended that Members:**
- (i) approve the identified base budget pressures included in paragraph 101;**
 - (ii) approve the investments detailed in the report;**
 - (iii) approve the treatment of the Chairman and Vice-Chairman's expense allowance proposed by the Constitution Working Group;**
 - (iv) approve the savings plans detailed in the report;**
 - (v) approve a 1.99% increase in Council Tax;**
 - (vi) approve the Net Budget Requirement of £438.765m.**

How the Medium Term Financial Plan (MTFP (4)) – 2014/15 to 2016/17 has been Developed

- 117 The following assumptions have been utilised in developing the MTFP (4) Model:
- (i) Government grant reductions for the MTFP (4) period have been developed utilising information from the December 2013 Autumn Statement and the Local Government Finance Settlement which included provisional figures for 2015/16. The estimated grant reductions for 2015/16 and 2016/17 are as follows:

Table 14 – Forecast Government Grant Reduction in 2015/16 and 2016/17

Year	Basis	Amount
2015/16	Net Reduction in all Government Funding	40.315
2016/17	Net Reduction in all Government Funding	30.000

- (ii) forecast Pay and Price Inflation levels have taken into account the Government's 1% public sector pay cap assumptions for 2014/15 and 2015/16. They have also taken into account the reducing level of price inflation in the economy at the moment with the price inflation allowance being retained at 1.5% for both 2015/16 and 2016/17:

Table 15 – Pay and Price Inflation Assumptions

Year	Pay Inflation	Price Inflation
2014/15	1.0%	1.0%
2015/16	1.0%	1.5%
2016/17	1.5%	1.5%

- (iii) continuing budget pressures in relation to Employer Pension Contributions, Concessionary Fares, Energy Prices and CAS Demographic and Hyper-Inflation in relation to adult social care;
- (iv) costs associated with the Council Housing Stock Transfer if the bid is successful and the tenants vote in favour of stock transfer;
- (v) increased Employer National Insurance costs when the Government's national 'Single Pension' is introduced in 2016/17;
- (vi) additional costs associated with the implementation of Single Status. These additional costs are presently being met from the Equal Pay Reserve which is forecasted to run out in 2015/16;
- (vii) continuing need to support both the current and additional capital programme;
- (viii) Council Tax increases are assumed to be 2% across the MTFP (4) period.

118 At this stage detailed savings plans need to be developed to achieve the following savings targets for 2015/16 and 2016/17.

Table 16 – Savings to be Identified

Year	Amount
	£m
2015/16	39.321
2016/17	47.712

- 119 Service Groupings are currently developing plans for £22.073m of additional savings for 2015/16 and will be brought before Cabinet in the early summer of 2014. Additional work will continue during MTFP (5) to identify savings for the forecasted budget gap for 2015/16 and 2016/17.

Financial Reserves

- 120 Reserves are held:
- (i) as a working balance to help cushion the impact of any uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the General Reserve.
 - (ii) as a contingency to cushion the impact of any unexpected events or emergencies e.g. flooding and other exceptional winter weather – this also forms part of General Reserves;
 - (iii) as a means of building up funds, earmarked reserves to meet known or predicted future liabilities.
- 121 The council's current reserves policy is to:
- (i) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as required, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet;
 - (ii) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates to up to £35m.
- 122 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.
- 123 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".
- 124 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 so that the base budget is not reliant on a continued contribution from general reserves.

125 The forecast balance on all reserves are reported to Cabinet every quarter as part of the Forecast of Outturn reports. Cabinet received the latest report on 20 November 2013. Since that time an adjustment to Reserves was reported to Cabinet on 18 December in relation to the MTFP Redundancy and ER/VR Reserve. In addition a range of reserves are being utilised to support the MTFP (4). Details can be found below:

- (i) **MTFP Redundancy and ER/VR Reserve** – this reserve was originally created in 2010 with a balance of £26.9m with the aim of covering the cost of all ER/VRs up to the end of MTFP (1) i.e. 31 March 2015. The forecast balance at the end of 2013/14 on this reserve is £2.558m. Although detailed plans are yet to be developed across MTFP (4) it was deemed prudent to replenish this reserve to provide confidence in the authority’s ability to finance future severance costs. Cabinet agreed on 18 December 2013 to transfer £15m into this reserve as detailed in Table 17. Having this reserve in place will be a major factor in managing the savings realisation process effectively across the MTFP (4) period. This reserve will continue to be closely monitored.

Table 17 – Reserve Transfers to Replenish MTFP Redundancy and ER/VR Reserve

Reserve	Amount
	£m
Service Grouping Cash Limits	10.000
General Reserve	5.000
TOTAL	15.000

- (ii) **Adult Demographic Reserve** – this reserve continues to be utilised to delay the impact of cost pressures, thus delaying the need to achieve additional savings. A sum of £3.15m is to be utilised in 2014/15.
- (iii) **Equal Pay Reserve** – the cost of successfully implementing Single Status in order to put in place a new pay and grading structure that satisfies all equal pay legislation has proven to be greater than the £6.5m budget that was made available. The Equal Pay Reserve is being utilised to delay the impact of this cost pressure thus delaying the need to achieve additional savings in the short term. A sum of £3.475m is utilised in 2014/15.
- (iv) **Cash Limit Reserves** – Service Groupings continue to utilise Cash Limit Reserves to enable reprofiling of when MTFP savings are realised. A sum of £2.617m is to be utilised in 2014/15.
- (v) **General Reserves** – the implementation of Garden Waste charging is to be introduced from 1 April 2015 rather than 1 April 2014, General Reserves of £0.933m will be utilised in 2014/15 on a ‘one off’ basis to finance this delay.
- (vi) **Procurement Reserve** – procurement savings of £0.640m have been identified to support MTFP (4). Originally it was expected that these

would be achieved in 2014/15. However, it is now envisaged that £104k of these identified savings will not be delivered until 2015/16 and the Procurement Reserve will cover the cost of this shortfall on a 'one off basis' in 2014/15.

- (vii) **Other Earmarked Reserves** – Service Groupings have plans to expend £1.409m of other Earmarked Reserves in line with each Earmarked Reserves protocol.

126 The table below provides an update on the forecast Reserves position as at 31 March 2014. School Reserves are not included below as they can only be utilised for schools

Table 18 – Forecast Reserves Position

Reserves	Quarter 2	ER/VR	MTFP (4) Support	Planned Expenditure	Revised Balance
	£m	£m	£m	£m	£m
General Reserve	29.314	(5.000)	(0.933)	-	23.381
Cash Limit	31.151	(10.000)	(2.437)	(0.180)	18.534
Earmarked Reserves	54.768	15.000	(6.732)	(1.409)	61.627
TOTAL	115.233	-	(10.102)	(1.589)	103.542

127 It is recommended at this stage that the council's Reserve Policy is left broadly unchanged as detailed in paragraph 121. The limit of the General Reserve range should be amended to £22m to £33m to reflect the reduced Net Budget Requirement of the council.

128 A balanced MTFP (4) Model has been developed after taking into account the assumptions detailed in this report. The MTFP (4) model is summarised below with the full detail attached at Appendix 7.

Table 19 – MTFP (4) Summary of Savings Target Position

	2014/15	2015/16	2016/17	TOTAL
	£m	£m	£m	£m
Reduction in Resource Base	14.871	28.164	26.578	69.613
Budget Pressures	8.154	11.157	21.134	40.445
Savings Required	23.025	39.321	47.712	110.058

Recommendations

129 **It is recommended that Members:**

- (i) **note the forecast 2014/15 to 2016/17 MTFP (4) financial position;**
- (ii) **set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as 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;

- (iii) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates to up to £35m.

Capital Budget

- 130 The 2013/14 Capital Budget of £173.842m was approved by Cabinet on 20 November 2013. Since that date the Capital Member Officer Working Group (MOWG) has approved a number of revisions to the capital budget. The table below details the latest revised capital budget for the period 2013/14 to 2016/17 including the revisions approved by MOWG whilst also providing details of the financing. Further details of the current capital programme can be found at Appendix 8.

Table 20 – Current Capital Budget 2013/14 to 2016/17

Service Grouping	2013/14	2014/15	2015/16	2016/17	TOTAL
	£m	£m	£m	£m	£m
ACE	2.231	2.631	1.155	-	6.017
CAS	57.985	51.237	13.690	0.087	122.999
NEI	30.628	35.122	4.410	11.429	81.589
RED	37.279	49.767	4.575	0.263	91.884
RES	5.267	10.673	9.121	2.604	27.665
TOTAL	133.390	149.430	32.951	14.383	330.154
Financed by:					
Grants and Contributions	62.319	65.207	5.696	1.515	134.737
Revenue and Reserves	7.754	1.399	-	-	9.153
Capital Receipts	10.010	10.000	-	-	20.010
Capital Receipts - BSF/Schools	6.150	10.474	1.600	-	18.224
Borrowing	47.157	62.350	25.655	12.868	148.030
TOTAL	133.390	149.430	32.951	14.383	330.154

- 131 When setting the MTFP (3) Capital Programme in February 2013, Council agreed to approve a capital programme that included the following level of additional schemes.

Table 21 – Additional Capital Programme Approved in MTFP (3)

Year	Amount
	£m
2013/14	20.040
2014/15	47.303

- 132 In agreeing the 2014/15 £47.303m programme, it was estimated that the following levels of capital grant would be received:

Table 22 – Estimated Level of Capital Grant for 2014/15

Grant	Source	Estimated Grant
		£m
LTP – Core Funding	DfT	14.255
LTP – Additional Highways Funding	DfT	1.007
General Social Care	DoH	1.548
School Capitalised Maintenance (Non DSG)	DfE	8.000
TOTAL		24.810

Capital Consideration in the MTFP (4) Process

133 Service Groupings developed capital bid submissions during the Summer 2013 alongside the development of revenue MTFP (4) proposals. MOWG have considered the Capital bid submissions taking the following into account:

- (i) Service Grouping assessment of priority;
- (ii) affordability based upon the availability of capital financing. This process takes into account the impact of borrowing upon the revenue budget;
- (iii) whether schemes could be self-financing i.e. capital investment would generate either revenue savings or additional income to repay the borrowing costs to fund the schemes.

134 Whilst considering Capital bid proposals, MOWG recognised the benefits of committing to a longer term capital programme to aid effective planning and 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.

Capital Grant Allocations

135 The table overleaf provides details of the Capital Grants confirmed for 2014/15 and the indicative allocation for 2015/16:

Table 23 – Capital Grants Utilised to Support the Capital Programme

Capital Grant	Source	2014/15 £m	2015/16 £m
Grants Confirmed:			
LTP – Core Funding	DfT	14.255	-
LTP – Additional Highways	DfT	1.007	-
General Social Care	DoH	1.548	-
School Capitalised Maintenance	DfE	6.672	-
School Devolved Capital	DfE	1.428	-
Free School Meals Support	DfE	1.040	-
Disabled Facilities Grant	DCLG	2.422	-
Indicative Grants:			
LTP – Highways Maintenance	DfT	-	13.480
LTP – Integrated Transport	DfT	-	2.566
School Capitalised Maintenance/Basic Need	DfE	-	7.200
TOTAL		28.372	23.246

136 The School Capitalised Maintenance grant has been confirmed at £6.672m rather than the £8m previously assumed. The MTFP(4) capital budget for 2014/15 has therefore been reduced by £1.328m accordingly.

137 The Local Transport Plan (LTP) capital funding is forecast to increase in 2015/16. The Government announced increase allocations for highways maintenance in the 2015/16 Spending Round. The indicative figures above are based upon the increased allocation.

Capital Receipt Forecast

138 In the majority of cases, capital receipts received are utilised to support the overall council capital programme. Capital receipts are generated from asset sales and from VAT shelter arrangements in relation to previous council housing stock transfers. Asset sales in the main relate to land sales which are generated from the council's three year Asset Disposal Programme. It is estimated that £10m of capital receipts will be generated in 2015/16, which will support the additional schemes for approval.

139 In a small number of circumstances capital receipts via land sales are ring fenced to particular schemes. Examples in recent years have been restricted to school schemes such as the Consett Academy development and the Wolsingham Comprehensive split site removal.

Self Financing Schemes

140 In many circumstances, capital investment will generate revenue efficiencies. Self financing capital schemes are approved where the revenue saving or increased income stream is sufficient enough to cover the annual borrowing cost which finances the capital investment.

141 In total it is recommended that £0.480m of schemes are approved in 2014/15 and £0.625m of schemes in 2015/16.

Approval of Additional Capital Schemes

- 142 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.
- 143 After considering all relevant factors, MOWG have recommended that the following value of schemes be approved for inclusion in the Capital Programme. Full details of these schemes can be found in Appendix 9.

Table 24 – Additional Capital Schemes for 2014/15 and 2015/16

Service Grouping	2014/15	2015/16
	£m	£m
ACE	0.840	2.100
CAS	6.930	7.200
Neighbourhoods	3.718	18.598
RED	6.502	18.231
Resources	0.200	1.335
TOTAL	18.190	47.464

- 144 The additional 2014/15 schemes can be afforded by utilising unapplied capital grants and utilising the 2014/15 prudential borrowing allowance not already committed in MTFP (3). The new 2015/16 schemes can be afforded by utilising capital grants, capital receipts and prudential borrowing.
- 145 The new schemes detailed in Appendix 9 will ensure the council continues to invest in priority projects and essential maintenance programmes. Examples of the additional investments are detailed below:

(i) **Highways Maintenance (2014/15 - £2m; 2015/16 - £16.236m)**

In addition to the £13.579m approved in MTFP (3) for 2014/15 an additional council contribution of £2m is recommended. In 2015/16 a council contribution of £2.756m is recommended in addition to the estimated £13.48m Department of Transport capital grant. These additional capital contributions align with the continued public support shown through the consultation processes for highways maintenance. In 2015/16, £0.756m of the additional council investment relates to the £6k highways capital budget formerly allocated to each of the council's 126 Members. From 2014/15 onwards, Members have agreed for this sum to be transferred into the core highways maintenance capital budget to enable the network to be maintained more effectively and to generate a £0.25m revenue saving via the requirement to carry out a significantly reduced number of highways design schemes. The current 2014/15 LAMA capital budget will be transferred into the Highway Maintenance budget.

(ii) **Schools Basic Need - Council Contribution (2014/15 - £0.868m)**

Schools Basic Need investment is required when a school does not have sufficient school place capacity for all of the families submitting applications. After a number of years of decline, the number of pupils in Durham schools is increasing. Over the next five years it is forecast that over 50 schools in the county will have a need for additional school places. In the past the Government has provided a grant to enable investment to take place. In 2012/13, the council received a grant of £2.235m. The Government is now targeting this grant to areas of significant population growth with Durham receiving significantly reduced allocations. Approved allocations received are as follows:

Table 25 – Basic Need Grant Allocations

	£m
2013/14	0.217
2014/15	0.488
2015/16	0.513

The 2014/15 sum of £0.488m is already pre-committed to schemes but a number of schools have significant capacity problems. With this in mind, investment has been approved at the following schools:

Table 26 – Additional School Places

School	Additional Places	Amount
		£m
Edmonsley Primary	13	0.062
Easington CE Primary	30	0.455
Neville's Cross Primary	20	0.351
TOTAL	63	0.868

It is likely that the need to invest in school capacity will become a major issue for the council over the next five years. CAS is developing a medium term strategy to determine the investment required which will be utilised to negotiate with the Government.

(iii) **Flood Prevention (2014/15 - £1m; 2015/16 - £1.05m)**

Recent flooding incidents have had a significant impact upon the public. Investment in flood prevention will target high risk areas and protect the public.

(iv) **Durham Bus Station (2014/15 - £1m; 2015/16 - £4m)**

This investment will enable the replacement and relocation of the current bus station. This will enable the redevelopment of North Road including the current bus station site.

(v) Site Assembly (2014/15 - £1. 2m; 2015/16 - £1.03m)

The council is looking to assemble land sites for economic regeneration in Peterlee, Crook, and Seaham. The council is well placed in this regard and ensures important development sites are made available to the market.

146 The 2014/15 to 2016/17 capital budget will be as follows:

Table 27 – New MTFP (4) Capital Programme 2014/15 to 2016/17

Service Grouping	2014/15	2015/16	2016/17	TOTAL
	£m	£m	£m	£m
ACE	3.471	3.255	-	6.726
CAS	56.839	20.890	0.087	77.816
NEI	38.840	23.008	11.429	73.277
RED	56.269	22.806	0.263	79.338
RES	10.873	10.456	2.604	23.933
TOTAL	166.292	80.415	14.383	261.090
Financed by:				
Grants and Contributions	69.055	28.342	1.515	98.912
Revenue and Reserves	4.993	-	-	4.993
Capital Receipts	10.000	-	-	10.000
Capital Receipts - BSF/Schools	10.474	11.600	-	22.074
Borrowing	71.770	40.473	12.868	125.111
TOTAL	166.292	80.415	14.383	261.090

Recommendations

147 It is recommended that Members:

- (i) approve the revised 2013/14 Capital Budget of £133.390m detailed in Table 20;
- (ii) approve the additional schemes detailed in Appendix 9 be included in the capital budgets. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from Service Grouping revenue budget transfers;
- (iii) approve the MTFP (4) Capital Budget of £261.090m for 2014/15 to 2016/17 detailed in Table 27.

Saving Proposals for 2014/15

148 A list of the saving proposals for 2014/15 is presented at Appendix 4. These are summarised for each service grouping in the next sections of the report.

149 The strong focus on planning means that many of the proposals that affect frontline services are already subject to detailed consultation in order to shape how the savings can be delivered. These include:

- (i) Street lighting
- (ii) Charging for garden waste
- (iii) Residential care
- (iv) Lunchtime school crossing patrols
- (v) Care Connect
- (vi) Customer Access Points

Assistant Chief Executive's

- 150 Spending reductions of £3.4m have been achieved over the course of MTFP (1) – (3). A further reduction of £0.41m is required in 2014/15.
- 151 The savings made to date have been made through reviewing each of the services within the Service Grouping to identify how to work more efficiently whilst continuing to provide support to the council through a period of considerable change.
- 152 The service grouping has met increased demands for service arising for example from welfare reforms, programme management of significant policy changes and freedom of information requests within a much reduced resource base.
- 153 Much of the service grouping's savings have been realised through reduction of management and support services. All of the savings proposed for 2014/15 will come from non-frontline services and include further savings from management, AAP and partnership administration and non-staff budgets within the Civil Contingencies Unit.
- 154 Frontline services mainly comprise AAP and member budgets. These have had a lower percentage reduction than the overall reduction for the service grouping and the council as a whole. Total budgets available for AAPs and members will not be altered in 2014/15. To achieve this, it will be necessary to move £840K from the council's revenue budget to the capital programme.
- 155 Higher reductions have been made and proposed in performance management, policy and communications in line with the consultation findings.

Children and Adults Service

- 156 Spending reductions of over £51m have been achieved over the course of MTFP (1) – (3). A further reduction of £12.4 million is required in 2014/15.
- 157 The service has been impacted by a significant amount of change both internally and externally during the last few years. External factors include ageing demographics, NHS changes, social care reform, changes in funding for schools and new inspection frameworks for children's social care and schools.

- 158 By bringing together the old Children and Adults Service Groupings into a new single Service Grouping, savings have been made in management and support services and further savings have been identified in these areas for 2014/15.
- 159 Further efficiency savings have been made in supporting people to live independently (through the further development of re-ablement services), reviewing transport commissioning, including home to school transport, consistency in the application of eligibility criteria, creation of integrated teams including some with the health service and through better procurement of services.
- 160 Given the nature of the service grouping, the 2014/15 proposals comprise those that affect frontline services as well as significant savings from management, support and other efficiencies such as those resulting from effective commissioning and value for money reviews of services.
- 161 Some of the 2014/15 proposals that affect frontline services are savings arising from policy changes made in previous years. This includes home to school transport, review of social care charging and a review of day care.
- 162 Consultation has already begun on the review of residential care and changes have been agreed to non-assessed services which in 2014/15 in the main relates to the Care Connect service.
- 163 Whilst it is clear that savings proposals in this area affect vulnerable people, all efforts are being made to minimise impact as far as possible in line with the views expressed by the public. This involves reviewing and changing operating models and working practices.

Neighbourhood Services

- 164 Spending reductions of £18.1m have been achieved over the course of MTFP (1) – (3). A further £3.1m is required in 2014/15.
- 165 The service has been able to make significant savings through the integration of services following the creation of the unitary council in 2009. Examples include the reviews of waste collection and leisure services. The latter has also seen the community take over the running of leisure centres which has enabled service levels to be maintained as far as possible.
- 166 Other savings which have been made reducing the impact upon front line services include reviewing grounds maintenance, rationalising the council's fleet of vehicles, savings in procurement and reductions in management and support services.
- 167 Proposals for 2014/15 continue to prioritise savings from non-frontline services. However, given the nature of the service, some impact on frontline services has been identified.

- 168 Most of the 2014/15 proposals that arise from changes made in previous years relate to back office support, restructures and reductions in supplies and services and do not affect front line services.
- 169 In addition, early planning means that some of the proposals have already been or are currently subject to consultation. This includes lunchtime school crossing patrols and street lighting.
- 170 The proposals include implementing charging for garden waste from April 2015, subject to the consideration of consultation results.
- 171 The proposals align with the results of consultation. Higher levels of savings have been achieved for waste disposal through a renegotiation of the waste contracts. Spending on winter maintenance will increase.

Regeneration and Economic Development

- 172 Spending reductions of £18m have been achieved over the course of MTFP (1) – (3). A further £1.1m is required in 2014/15.
- 173 Front line service provision was heavily affected by the removal of the Working Neighbourhoods Fund and Local Enterprise Growth Initiative (LEGI) which reduced the advice and support available to unemployed people and those looking to start a new business in an economic recession. The Government's deletion of these Areas Based Grants occurred in 2011/12 and amounted to £12m.
- 174 The service has undergone a full restructure which has meant that the majority of savings to date have come through management, support services and efficiency measures.
- 175 For 2014/15 all of the savings proposed will be delivered from further staffing reductions through vacancy management and restructuring alongside reductions in supplies and services and income generation.
- 176 The consultation in 2010 and again in 2013 identified job prospects as a priority and whilst there has been a significant reduction in the Government funding available for this activity the service grouping has sought to continue to support this area as far as possible.

Resources

- 177 Spending reductions of £7.9m have been achieved over the course of MTFP (1) – (3). A further £2.9m is required in 2014/15.
- 178 Given the nature of the service grouping, nearly all of the savings made are in management and support service costs including the unitisation of Finance and HR. The service has also benefited from new technologies including financial management, revenues and benefits and HR systems.
- 179 The proposed savings for 2014/15 will continue to be made in the areas where savings have been made previously together with an increase in income through the provision of ICT services to external bodies. There will be

an impact on frontline services as the Revenues and Benefits service will be reviewed.

180 The Service Grouping is also planning to deliver on behalf of the council a number of corporate savings in 2014/15 including savings in procurement, photocopying and printing and through the unitisation of Health and Safety.

181 The council has consistently prioritised higher savings targets from Resources in line with the views of the public.

Recommendations

182 **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

183 This section updates members on the outcomes of the equality impact assessment of the MTFP (4) and summarises the potential cumulative impact of the 2014/15 proposals.

184 Equality impact assessments are an essential part of decision making, 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.

185 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.

- 186 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."
- 187 A number of successful judicial reviews have 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.
- 188 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.
- 189 The process for identifying and completing impact assessments in relation to the MTFP is consistent with previous years. Services, with support from the corporate equalities team, were asked to consider all proposals to identify the level of assessment required – either 'screening' or 'full' depending on the extent of impact and the deadline for the final decision.
- 190 Where proposals are subject to further consultation and further decisions, the relevant impact assessments will be updated as further information becomes available. Final assessments will be considered in the decision making process.

Impact Assessments for 2014/15 Savings Proposals

- 191 A total of 41 assessments are available for Members to inform their decisions on individual proposals. Some are existing assessments from previous years where there is a residual saving or a continuation of a savings proposal. Some are new assessments and a number of proposals do not require an assessment, for example those involving use of cash limits or savings in supplies and services.

Assessments received:

ACE	1
CAS	21
Neighbourhoods	12
RED	4
Resources	3

- 192 The documentation has been made available for Members via the Member Support team ahead of the County Council decision-making meeting .

Summary of Equality Impact of 2014/15 MTFP proposals

- 193 Services were required to identify potential impacts likely to arise from implementing each savings proposal. The main equalities impacts in relation to new and continuing savings proposals are summarised below for each service grouping. In some cases the effect of the saving would apply to all service users but could have a greater potential impact for some, for example, increased charges would apply to all but could impact more on people with low income levels including older people, disabled people and women whose employment is limited by care responsibilities. Other proposals relating to specific services would have a more focused impact, for example, the review of Care Connect services for adults is likely to impact on older and disabled people.
- 194 ACE proposals are continuations of previous savings except for a management review which could potentially impact on any of the protected characteristics in relation to staff changes. A more detailed assessment will be completed as the options are developed. The remaining proposals do not require an assessment as they relate to residual staffing savings, efficiencies in supplies and services and the use of reserves.
- 195 CAS proposals include impacts on age, disability and gender:
- (i) the current consultation on options for the future of in-house social care provision has identified impacts on staff, service users, their families and carers. The impact assessment identifies age, disability and gender as the main protected characteristics which would be affected because the consultation on options is likely to create uncertainty around the future of the homes. The majority of service users have disabilities and are older people. Users of day services at these premises are also considered in the consultation process. A further report and final decision will be made following the consultation.
 - (ii) the changes to non-residential care charging which were agreed in October 2013 mean that some people are paying an increased cost and others who previously were not required to pay must now contribute to their care costs. Analysis showed that the majority of service users are women and most are aged over 75, all have some level of disability or age related health condition. The mitigating actions include allowances made in the financial assessment where there is evidence of service users using their savings to alleviate the impact of

their disability, and waiving payment where the risk associated with a service user stopping a service would be unacceptably high.

- (iii) a review of the Care Connect service was considered by Cabinet in December 2013. The service is generally provided to older people and those who are vulnerable, for example as a result of a disability. There are a larger number of older women in the county's population so the likelihood is that more women will be affected by changes to this service than men. The gender profile of service users shows that just over 63% of service users were female and 59% were aged over 75. The impact is mitigated by maintaining the response side of the service which will still provide 24 hour / 7 day week telephone monitoring and mobile response.
- (iv) the equality impact assessment in relation to the closure of the non-statutory CATS service has already identified potential impacts for children, young people, their families/carers and the staff employed within the CATS service. The service offers leisure opportunities to disadvantaged or disengaged young people. The impact will be mitigated through promoting access to alternative leisure services available to all children and young people.
- (v) existing proposals from previous years continue to produce savings in 2014/15, including changes to stairlift maintenance contracts, day services, outdoor education, school music services and home to school/college transport. The closure of outdoor education centres and restructure of music services have impacted on staff as well as children and their families/carers through reduced access or changes to availability. Reviewed assessments show that mitigating actions have been implemented in all cases:
 - **Stairlift maintenance contracts** – Impacts were identified on disability, gender and age. All lift customers who have a warranty that runs out on or before 1 April 2014 have been contacted by letter to remind them of the decision made in May 2012. Customers have a choice of withdrawing from DCC lift maintenance and making their own arrangements or retaining their DCC lift maintenance service (subject to meeting eligibility for social care). Customers also have a choice to pay their maintenance as one off payment; in instalments or to be financially assessed for how much of the annual charge they can afford to pay.
 - **Day services** – The transition to move existing day services into leisure centres was completed in 2013. The assessment identified a potential impact in relation to disability as all clients have some form of disability and moving to new venues may have been difficult for some. Mitigating actions included introductory visits, improving space and layouts, making leisure facilities more accessible. Anecdotal feedback suggests that many prefer the new arrangements.

- **Home to school/college transport** – changes to the policies for post 16; distance eligibility; denominational, associated and concessionary transport were implemented in previous years. The original assessment identified potential impacts on age, gender, disability and religion or belief for children, young people and families/carers. Mitigations included, for example, supporting faith schools to make alternative arrangements where necessary.

- 196 Neighbourhood Services proposals mainly relate to staffing restructures, ongoing savings from contracts and increased income. The assessments indicate potential impacts across any characteristic in relation to staffing reviews whilst there are potential service impacts on age, gender and disability.
- (i) the review of Customer Access Points was considered by Cabinet on 15 January 2014. The assessment identifies potential impacts in relation to the proposed options. Given the range of enquiries the most likely impacts were on gender, disability and age. National and local evidence suggests that women, older and younger people and disabled people are more likely to rely on local services for a number of reasons including access to transport, caring responsibilities, ease of access, lack of internet access and computer skills. None of the options was considered likely to have a particular impact on race, religion, belief, transgender status or sexual orientation;
 - (ii) changes to school crossing patrols have also been agreed. The assessment identified potential impacts on children and their families/carers in relation to age, gender and disability where either disabled children or disabled carers may need additional support crossing the road. The impact is mitigated by removing lunchtime patrols where pupils are not allowed out of school unaccompanied;
 - (iii) arrangements for removal of street lighting in areas where they are not needed and the implementation of “dimming” in some areas at certain times have also been agreed. The removal or dimming of lights has the potential to impact protected characteristics, for example, older people, students and children may feel more vulnerable in terms of personal safety and security. The impacts are mitigated by maintaining a minimum light level for dimmed lights which is likely to be unnoticed by the majority of people and conducting risk assessments before removing lights;
 - (iv) a review of income across the Service is likely to result in new or increased charges which will have impacts for those on low incomes. National and local evidence suggests that some older people, disabled people and women have reduced disposable incomes as a result of employment patterns, lack of savings or additional costs in relation to care responsibilities or disability. Those of working age who have been affected by welfare reform changes may also have reduced income levels. The review will include burial fees which apply to all but may impact specifically on people from religious or ethnic backgrounds who require burial as part of their belief;

- (v) restructures and staffing reviews will be carried out across heritage and culture, libraries and administration of the Local Area Measures Allowance (LAMA) budget. The changes are likely to affect staff so could impact on any of the protected characteristics. All staffing changes follow agreed corporate procedures to ensure fair treatment and more detailed impact assessments will be carried out for individual proposals as they develop. Any evidence of service impact will also be considered where appropriate;
 - (vi) an impact assessment for garden waste charges has also been provided to Members for information, this saving is planned to be implemented in 2015.
- 197 RED proposals relate to a further staffing restructure, residual savings as a result of previous staffing restructures and additional income from existing transport and planning charges.
- 198 Resources proposals also relate to staffing restructures along with efficiencies from supplies and services.

Cumulative Impacts

- 199 As in previous years the impacts are most likely in relation to increased costs or charges, loss of or reduced access to a particular service or venue and travel to alternative provision. Overall this is more likely to affect those on low income, people without access to personal transport and those reliant on others for support, with particular impacts on disability, age and gender. There are limited impacts identified in relation to race, religion or belief and no specific impacts on transgender status or sexual orientation which is mainly due to the fact that few council services are provided solely on the basis of these characteristics. However there is also less data and evidence available to show potential impact on these groups.
- 200 Mitigating actions are considered where the assessments have identified negative impacts on protected groups. These generally include ensuring service users can make informed choices or find alternatives, implementing new or improved ways of working, working with partners and providing transition or more flexible arrangements to reduce the initial impact.
- 201 There are a number of 2014/15 proposals relating to staffing restructures and changes, the impacts are comparable to those reported in previous years. Services are required to follow corporate HR procedures to ensure fair and consistent treatment, for example, by making reasonable adjustments for disabled employees. In many cases negative impact can be minimised by progressing requests for early retirement, voluntary redundancy and through redeployment.
- 202 In summary the potential impacts on staff can relate to any of the protected characteristics. In terms of age, employees over 55 may feel at greater risk of redundancy or younger staff who may be more likely to have significant financial burdens in terms of mortgages or young families. There are potential gender impacts on both men and women, for example where reviews relate to

senior posts or particular technical roles they are more likely to affect male employees whilst a number of proposals relate to areas with more female employees. Overall the staffing profile still shows significantly more women employed across the council so they are statistically more likely to be affected by change. There are some disabled staff and staff from black or ethnic minority backgrounds included in the reviews and restructures but the overall numbers of those affected are low which reflects the broader workforce profile data. Data on the religion or belief and sexual orientation of staff is collected through Resourcelink but the reporting rates are still very low so this information is not routinely included in equality impact assessments in order that people cannot be identified. Transgender status is not currently monitored.

Key Findings and Next Steps

- 203 The equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible.
- 204 The main equalities impacts of the 2014/15 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. The cumulative impacts can increase costs for individuals, reduce access to services and affect their participation in employment, social activities and caring responsibilities. There will be continued focus on equalities issues as we move into future years of this MTFP, with equality impacts revisited and reviewed each year as appropriate. 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

- 205 **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) consider the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members Resource Centre;**
 - (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

- 206 The council's original estimate of 1,950 reductions to posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate a revised figure for 2016/17.
- 207 In achieving this, the council has ensured that a proactive approach has been established in relation to managing the workforce changes in order to take all possible steps to avoid compulsory redundancy, and minimise the impact on the workforce. Managers are given HR support to enable them to take a strategic approach towards planning the change that is aimed at forecasting employee turnover, keeping posts vacant where these arise in anticipation of change, and seeking volunteers for early retirement and voluntary redundancy on an ongoing basis.
- 208 In addition, the way that work is organised is reviewed by service groupings to ensure that systems and processes maximises the capacity of the remaining employees to deliver the services as changes are implemented.
- 209 These actions have ensured that wherever possible, service reductions are planned well in advance of commencing the exercises, employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

Pay Policy

- 210 The Localism Act requires the council to prepare and publish a pay policy statement annually which sets out the authority's policy relating to the remuneration of its Chief Officers, and how this compares with the policy on the remuneration of its lowest paid employees.
- 211 The first policy document was approved by a resolution of the council prior to 31 March 2012 and a policy must then be published by the end of March for each subsequent year, although the policy can be amended by a resolution of the council during the year.
- 212 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.
- 213 There will be no change to the current process where Parish Councils meet the full costs of their individual by-elections. The pay policy statement presented at Appendix 10 caps the fees of the Returning Officer and deputies at half the national rate, previously used as the basis of Returning Officer fees in previous council elections.
- 214 The Pay Policy Statement at Appendix 10 is for Council consideration and outlines the details for the authority for 2013/14, in line with the above requirements.

Recommendations

215 **It is recommended that Members:**

- (i) Approve the pay policy statement at Appendix 10.**

Risk Assessment

- 216 The council had previously recognised that a wide range of financial risks needed to be managed and mitigated across the medium term. The risks faced are exacerbated by the localism of business rates and the localisation of council tax support. All risks will be assessed continually throughout the MTFP (4) period. Some of the keys risks identified include:
- (i) ensure the achievement of a balanced budget and financial position across the MTFP (4) period;
 - (ii) ensure savings plans are risk assessed across a range of factors e.g. impact upon customers, stakeholders, partners and staff;
 - (iii) Government funding reductions are based upon the 2015/16 indicative figures included in the Local Government Finance Settlement with the 2016/17 assumptions based upon Government funding cuts continuing in the future in line with recent years. This level of reduction will be required to achieve the £25bn of public expenditure reductions in 2016/17 and 2017/18 recently detailed by the Chancellor of the Exchequer.
 - (iv) the localisation of council tax support passes the risk for any increase in council tax benefit claimants onto the council. Activity in this area will need to be monitored carefully with medium term projections developed in relation to estimated volume of claimant numbers.
 - (v) the council retains 49% of all business rates collected locally but is also responsible for settling all rating appeals including any liability prior to 31 March 2013. Increasing business rate reliefs and appeals settlements continue to make this income stream highly volatile and will require close monitoring to fully understand the implications upon MTFP (4);

- (vi) the MTFP (4) model builds in estimates of pay and price inflation. Although price inflation levels are reducing, there could be a significant impact if the Low Pay Commission agrees to large increases in the Minimum Wage. May council contractors would be likely to request above inflation contract price increases if the Minimum Wage increased at a level above inflation;
- (vii) the Government has indicated that consideration is being given to introducing revised methodologies for apportioning health funding across the country. Whilst this could impact significantly upon Clinical Commissioning Groups (CCGs), there could also be a detrimental impact upon the council due to the significant health income streams but particularly the Public Health Grant.

Recommendations

217 It is recommended that Members:

- (i) note the risks to be managed over the MTFP (4) period.**

Dedicated Schools Grant (DSG) and School Funding – 2014/15

- 218 The Government implemented wide ranging reforms to the school funding formula in 2013/14. The council's discretion in terms of funding allocations to individual schools is much reduced and these are now much more pupil number driven. The reforms affected all schools (including academies) and are the precursor to a national funding formula being introduced from 2015/16 onwards.
- 219 It was initially anticipated that the formula adopted in 2013/14 would remain unchanged, but further changes have been introduced for 2014/15. Consultation on the impact of these changes was undertaken with both individual schools and the Schools Forum over the summer and autumn. Additional consultation was undertaken with nursery schools about their formula and with special schools about planned places for 2014/15.
- 220 Transitional protection from the impact of the formula changes is provided through the Minimum Funding Guarantee (MFG), which caps the increase to those that gain and restricts the impact on those that lose out through the new formula funding factors. The MFG only protects schools from the impact of the formula changes, not from the impact of falling roll numbers of pupils and is designed so that over time the amount of protection reduces. The MFG (which currently caps any reduction at a maximum of 1.5%) will continue when the national funding formula is implemented in 2015/16, but it is not clear how much protection will be included at this stage.
- 221 Changes have been made to the primary and secondary formula for 2014/15, partly in response to changes imposed by the Department for Education and partially in response to a need to re-allocate funding from primary and secondary schools to Special Educational Needs (SEN) provision. Nationally imposed changes include a reduction in the lump sum allowable per school, changes in the qualifying criteria for prior attainment funding and changes in the operation of the Growth Fund to provide additional support in ways that

cannot be provided directly through the formula. Other than these necessary changes there have been no changes to the formula factors compared to 2013/14.

- 222 The DSG is notionally split into three 'blocks' being: Early Years, High Needs and Schools. The High Needs Block provides for pupils with high cost SEN (requiring provision costing more than £10,000 per year). The Schools Block includes centrally retained funding and funding for primary and secondary schools in respect of the education of pupils from Reception to Year 11. DSG funding for 2014/15 is as follows:

Table 28 – DSG Funding for 2014/15

DSG Block	Amount per pupil £/pupil	Pupils	DSG Allocated £m	Additional Funding £m	Total DSG Allocation £m
Schools Block	4,572.50	61,477	281.104	0.093	281.197
Early Years Block	3,866.10	4,233	16.365	7.457	23.822
High Needs Block	-	-	44.967	-	44.967
Total DSG			342.436	7.550	349.986
Pupil Premium				25.481	25.481
Free School Meals Funding	TBC	TBC	TBC	TBC	TBC
Total			342.436	33.031	375.467

- 223 Primary and secondary formula funding for Academies in County Durham totals £66m. This funding is recouped by the Education Funding Agency and allocated directly to the individual schools, leaving £283.986m of DSG funding payable to the council.
- 224 Funding is being provided through the DSG to provide free early education places for eligible 2-year-olds from lower income households. Currently those eligible equates to around 20% of 2 year olds but from September 2014 the eligibility will be extended to reach approximately 40% of 2 year old children. Funding of £7.457m is provided for this purpose.
- 225 Pupil premium for schools and academies in Durham for 2013/14 is £20.67m. For 2014/15 the premium per pupil for primary pupils is increasing from £900 to £1,300; for secondary pupils it is increasing from £900 to £935; and for looked after children from £900 to £1,900. Pupil numbers for 2014/15 are not yet confirmed, but it is estimated that the premium for schools and academies in Durham will be in the region of £25.5m for 2014/15.
- 226 In September 2013 the Government announced that from September 2014, it will fund all state-funded schools in England to provide every child in reception, year 1 and year 2 with a nutritious meal at lunch time. On 24 January 2014, the Government announced that funding for this initiative would be based upon the October 2013 census at £2.30 per meal. It is estimated that a grant of circa £4m will be received for the period September 2014 to

July 2015. Capital Funding for Durham of £1.04m has been announced for maintained schools and £0.251m for voluntary aided schools with further funding available for academies to enable the infrastructure to be in place to cope with the additional demand for meals. Durham is in a good position having managed a large scale pilot project for provision of free school meals for primary aged pupils from September 2009 to July 2011.

Recommendations

227 It is recommended that Members:

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

Prudential Code

228 This section outlines the council's prudential indicators for 2014/15 to 2016/17 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- (i) 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 11.
- (ii) 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 11.
- (iii) 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 11.
- (iv) 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 11.

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

Recommendations

230 It is recommended that Members:

- (i) agree the Prudential Indications and Limits for 2014/15 – 2016/17 contained within the Appendix 11 of the report, including the Authorised Limit Prudential Indicator.
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 11 which sets out the council's policy on MRP.
- (iii) agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 11.
- (iv) agree the Investment Strategy 2014/15 contained in the Treasury Management Strategy (Appendix 11 and the detailed criteria included in Appendix 11).

Summary of Recommendations

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

232 It is recommended that Members:

a) Consultation

- (i) note the outcome of the consultation carried out as part of the development process for the 2014/15 budget and for future budgets.
- (ii) note that the suggestions made by the public to help manage the budget reductions have been considered by the council.
- (iii) note the feedback from partners and Elected Members;
- (iv) agree that the council continue to engage with the public in future budget setting processes and prior to implementing changes to frontline services.

b) 2014/15 Revenue Budget

- (i) approve the identified base budget pressures included in paragraph 101;
- (ii) approve the investments detailed in the report;
- (iii) approve the treatment of the Chairman and Vice-Chairman's expense allowance proposed by the Constitution Working Group;
- (iv) approve the savings plans detailed in the report;

- (v) approve a 1.99% increase in Council Tax;
- (vi) approve the Net Budget Requirement of £438.765m.

c) MTFP (4)

- (i) note the forecast 2014/15 to 2016/17 MTFP (4) financial position;
- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as 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;
- (iii) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates to up to £35m.

d) Capital Budget

- (i) approve the revised 2013/14 Capital Budget of £133.390m detailed in Table 20;
- (ii) approve the additional schemes detailed in Appendix 9 be included in the capital budgets. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from Service Grouping revenue budget transfers;
- (iii) approve the MTFP (4) Capital Budget of £261.090m for 2014/15 to 2016/17 detailed in Table 27.

e) Savings Proposals for 2014/15

- (i) note the approach taken by Service Groupings to achieve the required savings.

f) Equality Impact Assessment

- (i) consider the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members Resource Centre;
- (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.

g) Workforce Considerations/Pay Policy

- (i) approve the pay policy statement at Appendix 10.

h) Risk Assessment

- (i) note the risks to be managed over the MTFP (4) period.

l) Dedicated Schools Grant (DSG) and School Funding – 2014/15

- (i) note the position on the Dedicated Schools Grant.

j) Prudential Code

- (i) agree the Prudential Indications and Limits for 2014/15 – 2016/17 contained within the Appendix 11 of the report, including the Authorised Limit Prudential Indicator;
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 11 which sets out the council's policy on MRP;
- (iii) agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 11;
- (iv) agree the Investment Strategy 2014/15 contained in the Treasury Management Strategy (Appendix 11 and the detailed criteria included in Appendix 11).

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Appendix 1: Implications

Finance – The report sets out recommendations on the 2014/15 Budget and 2014/15 – 2016/17 MTFP.

Staffing - The impact of the MTFP upon staffing is detailed within the report

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 Policy and others through the Safe Durham Partnership on strategic crime and disorder 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 right implications from the information within the report.

Consultation – Full information on the MTFP (4) consultation process are contained in the report.

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 2014/15. It also has a fiduciary duty not to waste public resources.

SPECIFIC GRANTS 2014/15 AND 2015/16

SPECIFIC GRANT	2013/14	2014/15	Variance	2015/16	Variance
	£m	£m	£m	£m	£m
Community Rights to Challenge	0.017	0.017	0.000	0.000	-0.017
Fraud Funding (New)	0.000	N/K		N/K	
Discretionary Housing Payment	0.883	1.071		N/K	
Local Welfare Provision	1.928	1.900	-0.028	0.000	-1.900
Special Needs Grant (new)	0.000	0.609		N/K	
Adoption Grant	1.453	0.436		N/K	
Extended Free Rights to Transport	1.373	1.086	-0.287	N/K	
Free School Meals (new)	0.000	N/K		N/K	
Public Health	44.533	45.780	1.247	N/K	
NHS Funding	10.102	12.936	2.834	N/K	
Local Reform and Community	0.494	0.510	0.016	0.510	0.000
Inshore Fisheries	0.014	0.014	0.000	0.014	0.000
Local Lead Flood Authorities	0.070	0.070	0.000	0.047	-0.023
LCTSS New Burdens	0.350	0.267	-0.083	0.000	-0.267
Housing Benefit Administration	4.597	4.091	-0.506	N/K	

Consultation

Group Exercises (270 Groups) - All

Priority	Service	Higher	Standard	Lower
Lower Reductions	Social work and protecting vulnerable children and adults	4%	27%	69%
	Support for adults in their homes	10%	24%	65%
	Job creation	13%	25%	62%
	School support and education services	14%	24%	61%
	Children's Centres & support for families	10%	35%	56%
	Gritting & snow clearance	10%	34%	56%
	Support for community projects, centres, partnerships & groups	16%	33%	51%
	Sports, parks & play areas	19%	34%	47%
	Fostering, adoption & Children's Homes	15%	40%	45%
	Day Centres & support activities for adults	17%	41%	42%
	Roads, footpaths, traffic & lighting	22%	37%	41%
	Residential and nursing care for adults	31%	31%	37%
	Libraries	32%	33%	35%
Standard Reductions	Youth offending & youth support work	14%	44%	42%
	Services to keep people safe	13%	47%	40%
	School crossings & road safety training	16%	50%	34%
	Welfare Rights & advice	22%	47%	31%
	Housing advice & homelessness support	33%	36%	31%
	Environment, health & consumer protection	27%	54%	19%
	Street cleaning	33%	43%	23%
	Council tax Collection and Benefit Payments	32%	53%	15%
	Customer contact – face to face, telephones and webmail	41%	49%	10%
Higher Reductions	Arts, museums & theatres	47%	31%	21%
	Collection, disposal & recycling of waste	49%	31%	20%
	Subsidised bus travel	53%	24%	23%
	Borrowing for new developments	57%	32%	11%
	Performance management, policy & communications	66%	31%	3%
	Democratic Support - decisions & elections	66%	27%	7%
	Grass cutting, trees & flower beds	70%	21%	9%
	Maintenance of council buildings	75%	21%	4%
	Planning Services	76%	19%	6%
	Finance, Legal, IT & Human Resources	83%	12%	5%

Groups that achieved at least £97m worth of savings - (160 Groups)

Priority	Service	Higher	Standard	Lower
Lower Reductions	Job creation	10%	27%	63%
	Social work and protecting vulnerable children and adults	1%	36%	62%
	Support for adults in their homes	8%	31%	61%
	School support and education services	13%	26%	61%
	Support for community projects, centres, partnerships & groups	19%	25%	56%
	Gritting & snow clearance	10%	34%	56%
	Children's Centres & support for families	11%	36%	53%
	Sports, parks & play areas	19%	34%	47%
	Roads, footpaths, traffic & lighting	24%	36%	40%
	Libraries	32%	33%	36%
Standard Reductions	Youth offending & youth support work	14%	44%	41%
	Services to keep people safe	12%	52%	36%
	Fostering, adoption & Children's Homes	17%	44%	39%
	School crossings & road safety training	17%	50%	33%
	Welfare Rights & advice	22%	48%	30%
	Day Centres & support activities for adults	25%	43%	32%
	Environment, health & consumer protection	20%	57%	23%
	Street cleaning	31%	49%	20%
	Council tax Collection and Benefit Payments	34%	53%	13%
	Customer contact – face to face, telephones and webmail	36%	52%	13%
Higher Reductions	Housing advice & homelessness support	36%	35%	29%
	Residential and nursing care for adults	39%	37%	24%
	Arts, museums & theatres	46%	32%	22%
	Collection, disposal & recycling of waste	51%	30%	19%
	Borrowing for new developments	57%	30%	13%
	Democratic Support - decisions & elections	63%	30%	7%
	Performance management, policy & communications	63%	34%	3%
	Subsidised bus travel	66%	21%	13%
	Grass cutting, trees & flower beds	71%	20%	9%
	Maintenance of council buildings	73%	22%	4%
	Planning Services	74%	21%	5%
	Finance, Legal, IT & Human Resources	84%	12%	4%

Groups that achieved at less than £97m worth of savings (110 groups)

Priority	Service	Higher	Standard	Lower
Lower Reductions	Social work and protecting vulnerable children and adults	3%	15%	83%
	Support for adults in their homes	5%	16%	78%
	Residential and nursing care for adults	9%	29%	62%
	Children's Centres & support for families	7%	31%	62%
	School support and education services	15%	24%	61%
	Job creation	14%	26%	60%
	Fostering, adoption & Children's Homes	6%	35%	58%
	Gritting & snow clearance	11%	32%	57%
	Day Centres & support activities for adults	6%	39%	55%
	Sports, parks & play areas	22%	30%	48%
	Youth offending & youth support work	14%	43%	44%
	Roads, footpaths, traffic & lighting	19%	40%	41%
	Standard Reductions	Support for community projects, centres, partnerships & groups	11%	45%
Services to keep people safe		11%	46%	43%
School crossings & road safety training		17%	48%	35%
Welfare Rights & advice		23%	45%	32%
Housing advice & homelessness support		27%	37%	35%
Environment, health & consumer protection		33%	52%	15%
Council tax Collection and Benefit Payments		34%	51%	15%
Higher Reductions	Subsidised bus travel	35%	31%	34%
	Libraries	36%	32%	32%
	Street cleaning	40%	35%	25%
	Collection, disposal & recycling of waste	43%	36%	21%
	Arts, museums & theatres	49%	30%	21%
	Customer contact – face to face, telephones and webmail	53%	43%	5%
	Borrowing for new developments	59%	30%	11%
	Democratic Support - decisions & elections	74%	20%	6%
	Grass cutting, trees & flower beds	75%	20%	5%
	Performance management, policy & communications	75%	21%	4%
	Maintenance of council buildings	80%	17%	3%
	Planning Services	81%	15%	5%
	Finance, Legal, IT & Human Resources	84%	11%	5%

Paper Results (1536 Respondents) – All

Priority	Service	Higher	Standard	Lower
Lower Reductions	Residential and nursing care for adults	9%	32%	58%
	Support for adults in their homes	9%	35%	56%
	Social work and protecting vulnerable children and adults	9%	37%	54%
	Gritting & snow clearance	11%	42%	47%
	Job creation	14%	41%	45%
Standard Reductions	School support and education services	13%	44%	43%
	Services to keep people safe	13%	47%	40%
	Fostering, adoption & Children's Homes	12%	50%	38%
	Children's Centres & support for families	13%	48%	38%
	School crossings & road safety training	16%	50%	34%
	Roads, footpaths, traffic & lighting	14%	54%	31%
	Support for community projects, centres, partnerships & groups	20%	46%	34%
	Sports, parks & play areas	18%	51%	31%
	Youth offending & youth support work	18%	51%	31%
	Libraries	18%	51%	30%
	Day Centres & support activities for adults	17%	54%	29%
	Collection, disposal & recycling of waste	17%	58%	25%
	Street cleaning	17%	59%	24%
	Housing advice & homelessness support	20%	55%	24%
	Welfare Rights & advice	24%	51%	25%
	Council tax Collection and Benefit Payments	28%	50%	22%
	Environment, health & consumer protection	27%	54%	19%
	Arts, museums & theatres	34%	45%	22%
	Subsidised bus travel	38%	40%	22%
	Customer contact – face to face, telephones and webmail	40%	45%	15%
Grass cutting, trees & flower beds	42%	44%	14%	
Higher Reductions	Borrowing for new developments	47%	38%	15%
	Planning Services	48%	41%	11%
	Maintenance of council buildings	48%	39%	13%
	Democratic Support - decisions & elections	55%	34%	11%
	Performance management, policy & communications	56%	34%	10%
	Finance, Legal, IT & Human Resources	59%	30%	12%

Paper Results (494 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
Standard Reductions	Gritting & snow clearance	16%	53%	31%
	Job creation	23%	45%	32%
	Social work and protecting vulnerable children and adults	19%	56%	25%
	School support and education services	23%	49%	28%
	Support for adults in their homes	21%	54%	25%
	Services to keep people safe	22%	56%	21%
	Roads, footpaths, traffic & lighting	23%	55%	22%
	Residential and nursing care for adults	23%	57%	20%
	School crossings & road safety training	23%	57%	20%
	Sports, parks & play areas	26%	53%	20%
	Libraries	27%	53%	20%
	Children's Centres & support for families	25%	57%	18%
	Street cleaning	22%	64%	14%
	Youth offending & youth support work	27%	54%	19%
	Support for community projects, centres, partnerships & groups	31%	48%	21%
	Fostering, adoption & Children's Homes	25%	61%	14%
	Collection, disposal & recycling of waste	25%	62%	13%
	Welfare Rights & advice	33%	51%	16%
	Day Centres & support activities for adults	30%	59%	10%
	Arts, museums & theatres	40%	41%	19%
	Council tax Collection and Benefit Payments	36%	54%	11%
Housing advice & homelessness support	36%	56%	8%	
Environment, health & consumer protection	37%	54%	9%	
Higher Reductions	Borrowing for new developments	49%	38%	13%
	Customer contact – face to face, telephones and webmail	50%	41%	10%
	Grass cutting, trees & flower beds	50%	42%	8%
	Subsidised bus travel	55%	34%	11%
	Planning Services	56%	35%	9%
	Maintenance of council buildings	58%	35%	7%
	Performance management, policy & communications	60%	32%	8%
	Democratic Support - decisions & elections	62%	30%	8%
	Finance, Legal, IT & Human Resources	72%	20%	8%

Online Results (384 Respondents) – All

Priority	Service	Higher	Standard	Lower
Standard Reductions	Support for adults in their homes	10%	46%	44%
	Social work and protecting vulnerable children and adults	11%	50%	38%
	Gritting & snow clearance	7%	59%	35%
	Residential and nursing care for adults	22%	45%	33%
	Roads, footpaths, traffic & lighting	18%	53%	29%
	Fostering, adoption & Children's Homes	17%	56%	27%
	Sports, parks & play areas	29%	49%	22%
	Collection, disposal & recycling of waste	28%	50%	22%
	Job creation	23%	56%	21%
	School support and education services	27%	53%	20%
	Services to keep people safe	16%	66%	17%
	Youth offending & youth support work	26%	57%	17%
	Libraries	36%	47%	17%
	Street cleaning	19%	65%	16%
	Day Centres & support activities for adults	25%	59%	16%
	Children's Centres & support for families	26%	59%	15%
	School crossings & road safety training	22%	64%	14%
	Welfare Rights & advice	36%	51%	13%
	Arts, museums & theatres	42%	46%	12%
	Housing advice & homelessness support	32%	57%	11%
	Council tax Collection and Benefit Payments	23%	66%	11%
	Environment, health & consumer protection	27%	63%	10%
	Customer contact – face to face, telephones and webmail	35%	56%	9%
Borrowing for new developments	44%	50%	7%	
Higher Reductions	Maintenance of council buildings	47%	45%	8%
	Grass cutting, trees & flower beds	47%	43%	10%
	Support for community projects, centres, partnerships & groups	48%	37%	15%
	Planning Services	48%	45%	7%
	Subsidised bus travel	59%	26%	15%
	Democratic Support - decisions & elections	60%	38%	3%
	Performance management, policy & communications	64%	32%	4%
	Finance, Legal, IT & Human Resources	65%	32%	3%

Online Results (333 Respondents) – Those achieving at least £97m worth of savings

Priority	Service	Higher	Standard	Lower
Standard Reductions	Support for adults in their homes	12%	51%	38%
	Gritting & snow clearance	7%	60%	34%
	Social work and protecting vulnerable children and adults	13%	53%	33%
	Roads, footpaths, traffic & lighting	19%	53%	28%
	Residential and nursing care for adults	25%	50%	25%
	Fostering, adoption & Children's Homes	20%	59%	22%
	Collection, disposal & recycling of waste	30%	50%	20%
	Sports, parks & play areas	29%	51%	20%
	Job creation	24%	56%	20%
	School support and education services	30%	54%	17%
	Services to keep people safe	18%	65%	17%
	Libraries	37%	47%	16%
	Street cleaning	18%	67%	16%
	Youth offending & youth support work	29%	56%	15%
	Welfare Rights & advice	38%	50%	13%
	Day Centres & support activities for adults	27%	61%	12%
	Children's Centres & support for families	28%	59%	12%
	School crossings & road safety training	23%	65%	12%
	Arts, museums & theatres	43%	45%	11%
	Council tax Collection and Benefit Payments	24%	66%	11%
	Environment, health & consumer protection	29%	63%	9%
	Customer contact – face to face, telephones and webmail	35%	56%	8%
Housing advice & homelessness support	35%	57%	8%	
Borrowing for new developments	46%	49%	5%	
Higher Reductions	Maintenance of council buildings	49%	45%	6%
	Grass cutting, trees & flower beds	49%	44%	8%
	Planning Services	49%	44%	7%
	Support for community projects, centres, partnerships & groups	50%	36%	14%
	Subsidised bus travel	62%	26%	12%
	Democratic Support - decisions & elections	62%	36%	2%
	Performance management, policy & communications	66%	31%	3%
	Finance, Legal, IT & Human Resources	69%	30%	2%

MTFP BUDGET SAVING 2014/2015

ASSISTANT CHIEF EXECUTIVE

Saving Ref	Description	2014/2015
		£
ACE3	Management Review within ACE	300,300
ACE9	Review Partnership Support	35,745
ACE14	Review of the Civil Contingencies Unit	4,439
ACE25.1	Use of cash limit	69,992
	TOTAL ACE	410,476

MTFP BUDGET SAVING 2014/2015

CHILDREN AND ADULTS SERVICE

Saving Ref	Description	2014/2015
		£
CAS1	Review of in-house social care provision	890,000
CAS2	Eligibility criteria - consistent and effective use of existing criteria and reablement	1,875,000
CAS3	Review adult social care charging	500,000
CAS4	Savings resulting from purchasing new stairlifts with extended warranties	40,000
CAS5	Management and support services, staffing restructures and service reviews/rationalisation	5,244,826
CAS6	Review of all non-statutory services	1,105,000
CAS7	Music Service to become self financing	91,000
CAS8	Outdoor education to rationalise and become self-financing (or close if not feasible)	60,000
CAS9	Review of Children's Care Services	1,208,439
CAS10	Review home to school / college transport policies	1,300,000
CAS 11	Use of Cash Limit	1,879,000
CAS11	Adjustment for previous years use of cash limit	-1,763,415
TOTAL CAS		12,429,850

MTFP BUDGET SAVING 2014/2015

NEIGHBOURHOODS SERVICE

Saving Ref	Description	2014/2015
		£
NS1	Review of Sport and Leisure	100,000
NS3	Structural reviews and more efficient ways of working	1,298,572
NS4	Review of Grounds and Countryside Maintenance	195,602
NS5	Waste Collection Savings	103,500
NS6	Waste Disposal Savings	95,200
NS11	Review of Technical Services / School Crossing Patrols / Street Lighting	684,974
NS17	Additional income from review of charges	200,139
NS24	Review of Heritage and Culture	203,500
NS25	Review of Library Service	327,626
MIT	Mitigating savings for delay in Leisure/culture saving	566,374
NS29	Use of Cash Limit	130,000
NS29	Cash limit - Adjustment for previous years use of cash limit	-138,750
TOTAL NEIGHBOURHOODS		3,766,737

MTFP BUDGET SAVING 2014/2015

REGENERATION AND ECONOMIC DEVELOPMENT SERVICE

Saving Ref	Description	2014/2015
		£
RED1	Restructure in RED - this includes all service teams within the Service Grouping	294,630
RED2	Reduction in Supplies and Services - Economic Development (a reduction in all areas of expenditure in line with restructure).	248,625
RED4	Reduction in Supplies and Services - Transport (a reduction in all areas of expenditure in line with restructure)	57,500
RED8	Income Generation - Planning - review existing and new areas of charging	16,000
RED9	Income Generation - Transport - review existing and new areas of charging	50,000
RED13	CCTV (Reduction in costs following review of CCTV provision)	30,000
RED14	Review of supplies, services and income across RED Service Grouping	166,000
RES1	Assets disaggregation (former Estates team)	114,249
RES3	Assets disaggregation (former Planning and Investment team)	115,130
TOTAL RED		1,092,134

MTFP BUDGET SAVING 2014/2015

RESOURCES

Saving Ref	Description	2014/2015
		£
RES2	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Procurement	85,405
RES13	Reduction in supplies and services and other non-staffing budgets through efficiencies – Legal and Democratic Services	343,995
RES14	Restructure of HR Service	283,482
RES16	Service rationalisation of ICT Services	826,824
RES19	Restructure of Revenues and Benefits Service	465,000
RES20	Reduction in supplies and services and other non-staffing budgets through efficiencies – Corporate Finance	106,999
RES21	Service rationalisation of Audit and Risk	40,000
RES22	Court Cost Fee Income – Summons and Liability Costs Recovered – Financial Services	383,000
RES24.1	Use of cash limit	358,000
TOTAL RESOURCES		2,892,705

MTFP BUDGET SAVING 2014/2015

CORPORATE

Saving Ref	Description	2014/2015
		£
COR5	Members Budgets - Revenue to Capital Switch	840,000
COR6	Procurement Rebates - NEPO Savings	250,000
COR7	Strategic Highways - Switch of function from RED to NS	50,000
COR8	Replacement of Desk Top Printers with MFD	250,000
COR9	Procurement Reviews	536,000
COR9a	Procurement Reserve	104,000
COR10	Unitisation of Health & Safety	50,000
COR11	Office Closure over Christmas	24,000
COR12	Discretionary Rate Relief	330,000
TOTAL CORPORATE		2,434,000

MTFP BUDGET SAVING 2014/2015

Saving Ref	Description	2014/2015
		£
ACE	TOTAL ASSISTANT CHIEF EXECUTIVES SAVINGS	410,476
CAS	TOTAL CHILDREN AND ADULTS SERVICES SAVINGS	12,429,850
NS	TOTAL NEIGHBOURHOOD SERVICES SAVINGS	3,766,737
RED	TOTAL REGENERATION & ECONOMIC DEVELOPMENT SAVINGS	1,092,134
RES	TOTAL RESOURCES SAVINGS	2,892,705
COR	TOTAL CORPORATE SAVINGS	2,434,000
TOTAL SAVINGS		23,025,902

Budget Summary - By Service Grouping

2013/14 Original Budget £000	2013/14 Projected Outturn £000		2014/15		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		<u>Council Controlled Budgets</u>			
11,178	11,065	Assistant Chief Executive	12,477	2,277	10,200
291,815	280,789	Children and Adults Service	428,898	153,667	275,231
108,776	113,655	Neighbourhood Services	229,520	119,755	109,765
41,801	42,789	Regeneration and Development	70,250	27,597	42,653
22,326	17,812	Resources	74,583	60,136	14,447
0	3,046	Corporate Costs	5,867	1,943	3,924
7,852	6,270	Contingencies	7,706	0	7,706
483,748	475,426		829,301	365,375	463,926
		<u>Non Council Controlled Budgets</u>			
0	0	Schools	308,188	308,188	0
0	0	Benefits	188,544	188,544	0
0	0		496,732	496,732	0
483,748	475,426	NET COST OF SERVICES	1,326,033	862,107	463,926
-51,723	-51,723	Reversal of Capital Charges			-50,474
35,148	32,763	Interest payable and similar charges			38,444
-1,441	-1,700	Interest and investment income			-1,441
465,732	454,766	NET OPERATING EXPENDITURE			450,455
-52,985	-52,985	Business Rates - local share			-52,342
-58,223	-58,223	Top up Grant			-59,357
-167,162	-167,162	Revenue Support Grant			-138,710
-2,033	-2,033	Council Tax Freeze Grant			0
-4,799	-4,799	New Homes Bonus			-6,784
-943	-943	New Homes Bonus - re-imburement			-390
0	-2,178	Section 31 Grant			-5,101
-7,200	-7,698	Education Services Grant			-7,237
-4,399	-10,427	Use of Earmarked Reserves			-8,140
-3,519	11,247	Use of Cash Limit Reserves			-2,617
0	4,904	Use of General Reserve			-933
164,469	164,469	AMOUNT REQUIRED FROM COUNCIL TAX PAYERS			168,844

Budget Summary - By Expenditure and Income Type

	Original Budget 2013/14	2013/14 Projected Outturn Position	Original Budget 2014/15
	£'000	£'000	£'000
Employees	474,689	508,856	483,046
Premises	49,325	51,941	49,510
Transport	50,097	48,897	46,657
Supplies & Services	113,512	127,120	114,270
Agency & Contracted	269,898	265,633	260,165
Transfer Payments	210,685	212,013	206,771
Central Costs	101,308	107,227	94,797
Other	1,265	10,366	12,637
Capital Charges	51,723	51,723	50,474
Contingencies	7,852	6,270	7,706
GROSS EXPENDITURE	1,330,354	1,390,046	1,326,033
Income			
- Specific Grants	528,182	573,294	539,986
- Other Grants & contributions	25,319	26,566	25,830
- Sales	6,720	4,722	5,367
- Fees & charges	106,867	105,445	104,308
- Rents	5,160	5,274	5,470
- Recharges	169,661	192,453	174,150
- Other	4,697	6,866	6,996
Total Income	846,606	914,620	862,107
NET COST OF SERVICES	483,748	475,426	463,926
Capital charges	-51,723	-51,723	-50,474
Interest and Investment income	-1,441	-1,700	-1,441
Interest payable and similar charges	35,148	32,763	38,444
Net Operating Expenditure	465,732	454,766	450,455
Less:			
Use of Reserves:			
Earmarked Reserves	-4,399	-10,427	-8,140
Cash Limit	-3,519	11,247	-2,617
General	0	4,904	-933
Net Budget Requirement	457,814	460,490	438,765
Financed by:-			
Business Rates - local share	-52,985	-52,985	-52,342
Top up Grant	-58,223	-58,223	-59,357
Revenue Support Grant	-167,162	-167,162	-138,710
Amount required from council tax payers	-164,469	-164,469	-168,844
Council Tax Freeze Grant	-2,033	-2,033	0
New Homes Bonus	-4,799	-4,799	-6,784
New Homes Bonus - re-imburement	-943	-943	-390
Section 31 Grant	0	-2,178	-5,101
Education Services Grant	-7,200	-7,698	-7,237
Total Financing	-457,814	-460,490	-438,765

APPENDIX 7			
Medium Term Financial Plan (MTFP4) 2014/15 - 2016/17 Model			
	2014/15	2015/16	2016/17
	£'000	£'000	£'000
Government Funding			
Revenue Support Grant (RSG) Reduction	28,452	40,045	30,000
Council Tax Freeze Grant - 2013/14 grant transferred into RSG	2,033	0	0
Town and Parish Council RSG Adjustment for LCTSS funding	-238	-305	0
Education Services Grant Reduction	0	1,900	0
Business Rates - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,060	-1,491	0
Top Up Grant - RPI increase (14/15 Actual 2% - then est of 2.8%)	-1,134	-1,630	0
Settlement Funding Assessment Adjustment	-1,204	0	0
New Homes Bonus	-1,984	0	0
New Homes Bonus - Re-imburement of Top Slice (Est)	553	0	0
Other Funding Sources			
Council Tax Increase (2% each year from 2014/15)	-3,290	-3,355	-3,422
Council Tax Base - Additional Yield	-1,080	0	0
Business Rate Tax Base - Additional Yield	-2,194	0	0
NHS Social Care Funding	-3,050	-7,000	0
Use of General Reserve to cover revised implementation date for 'Charging for Garden Waste' scheme to 2015/16	-933	0	0
Estimated Variance in Resource Base	14,871	28,164	26,578
Pay inflation (1% - 1% - 1.5%)	1,950	2,000	2,900
Price Inflation (1% - 1.5% - 1.5%)	1,475	2,150	2,100
Corporate Risk Contingency Budget	93	-2,393	-1,000
Base Budget Pressures			
Carbon Reduction Commitment - 'Carbon Tax'	370	0	0
Expiry of four year Disturbance Allowances payments following LGR	-220	0	0
Employer National Insurance increase due to State Pension changes	0	0	5,100
Single Status Implementation	0	0	4,500
Council Housing - if 'Large Scale Voluntary Transfer' goes ahead	0	3,550	0
Additional Employer Pension Contributions	-700	700	900
Concessionary Fares	0	400	400
Energy Price Increases	200	500	500
Insurance Claims	1,000	0	0
Winter Maintenance - Highways and Footpaths	1,300	0	0
Housing Benefit Admin Grant Reduction	500	0	0
Community Building running costs	-180	0	0
Delay in realising Leisure/Culture Saving	616	0	-616
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000
Use of Earmarked/Cash Limit Reserve in CAS	-1,000	-200	3,350
Community Governance Reviews	0	-50	0
Prudential Borrowing to fund new Capital Projects	2,000	2,000	2,000
Capital Financing for current programme	-250	1,500	0
TOTAL PRESSURES	8,154	11,157	21,134
SUM TO BE MET FROM SAVINGS	23,025	39,321	47,712
Savings			
Savings	-23,025	-7,073	0
Savings Plans in Development	0	-15,000	
Implementation of Charging for Garden Waste scheme	0	-933	0
TOTAL SAVINGS	-23,025	-23,006	0
DEFICIT	0	16,315	47,712

CURRENT CAPITAL PROGRAMME - 2013/14 TO 2016/17

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
ACE	Option to Transfer Assets to Communities	98,310	870,795	1,154,618	
ACE	Community Facilities in Crook following Participatory Budget exercise	68,000	500,636		
ACE	Members Neighbourhood Budget	2,064,904	1,260,000		
ACE Total		2,231,214	2,631,431	1,154,618	-
CAS	Day Care Services - Modernisation & Maintenance Backlog	432,566			
CAS	Short Breaks for Disabled Children	278,570			
CAS	Barnard Castle Hub	83,268			
CAS	Building Schools for the Future - Consett Academy	9,864,432	22,352,627	10,457,817	
CAS	Building Schools for the Future - North Durham Academy	7,288,195	300,000	290,846	
CAS	Building Schools for the Future - Wave 3	9,175,577	2,839,689	391,642	
CAS	Capital Maintenance and Basic Need	5,996,251	10,129,319	-	
CAS	Capital Maintenance - Harelaw School	100,000	2,635,000	-	
CAS	Capital Maintenance - Wolsingham School	200,000	4,000,000	2,200,000	
CAS	Capital Maintenance - Whitworth Park School	4,150,303	700,000		
CAS	Capital Maintenance - Elemore Hall School	1,500,000	1,489,714		
CAS	Capital Maintenance - The Meadows	100,000	1,679,000	200,000	
CAS	Catchgate Children's Home	91,030			
CAS	County Hall Kitchen Refurbishment	-	18,000		
CAS	Purchase of IT Equipment	85,763			
CAS	Schools Devolved Formula Capital	6,196,363			
CAS	Dilapidation Costs	-	160,000		
CAS	DSG Structural Maintenance	4,182,066			
CAS	Durham Studio School	75,914			
CAS	Health Check Equipment	250,000			
CAS	ICT Infrastructure	200,000	150,000	150,000	87,385
CAS	Improving the Care Environment	1,022,941			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
CAS	Increased Provision for two year olds	902,735			
CAS	Learning Disability Shared Living Capital Contribution	32,380			
CAS	Mental Health Grants	335,128			
CAS	Schools Primary Capital and Modernisation	3,584,688	-		
CAS	Residential Children's Homes improvements	78,469			
CAS	Residential Homes for the Elderly	1,257,309	4,583,873		
CAS	Schools Access	483,853	200,000		
CAS	Social Inclusion - Community Safety	30,903			
CAS	Stop over site Blackie Boy	6,770			
CAS Total		57,985,474	51,237,222	13,690,305	87,385
NEI	3G Pitch - Chester-le-Street	51,307			
NEI	3G Pitch - Meadowfield Leisure Centre	980			
NEI	3G Pitch - Shildon Leisure Centre	53,800			
NEI	Area Action Partnerships Schemes	583,625	17,000		
NEI	Allotments	21,140			
NEI	Apollo	6,172			
NEI	Area Programmes	146,327			
NEI	Arts Centre (Sedgefield)	79,950			
NEI	Assets Capitalised Maintenance - Cemeteries	91,650			
NEI	B6300 Browney Lane (Burnigill Bank) - Embankment Repairs	31,992	400,000		
NEI	Bereavement Improvements	380,160			
NEI	Bishop Auckland Town Recreation	71,585			
NEI	Refurbishment of Outdoor Leisure Facilities	6,600	247,419		
NEI	Leisure Structural Maintenance	238,877			
NEI	Chester-le-Street Town Centre Christmas Lights	4,575			
NEI	Consett Leisure Centre	35,865	535,865		
NEI	Cultural Programme - Killhope Museum	168,659			
NEI	Drainage Works Including SUDS	816,269			
NEI	Environmental Improvements	173,009	300,000		
NEI	Flooding Incidents	279,536			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
NEI	Hardwick Park	143,077	75,000		
NEI	Henknowle Special Area Sports Hall	55,163			
NEI	Highway Capitalised Maintenance - Bridges	1,934,301			
NEI	Highway Capitalised Maintenance - Highway Maintenance	10,483,141			
NEI	Highway Capitalised Maintenance - Street Lighting	923,168			
NEI	Household Waste Recycling Centres	200,000	1,184,500	600,000	
NEI	Hownsgill Viaduct	44,438			
NEI	ICT - Single Back Office System and Mobile Working	13,928			
NEI	ICT Infrastructure	87,000	83,000		
NEI	Indoor Bowling & Aquasplash	52,729			
NEI	Library Modernisation & Maintenance Backlog	95,958	160,000		
NEI	LiveTrack System	306,593			
NEI	Local Area Members Allowance	1,368,430	756,000		
NEI	Local Transport Plan Annual Allocation - Maintenance Block	-	12,079,000		
NEI	Mothballing of Joint Stocks Landfill Site	124,000	519,000		
NEI	Neighbourhoods Services Area Action Partnership reserve	200,000			
NEI	Newton Aycliffe Customer Access Point/Library	-	1,000,000		
NEI	Oracle Projects Module	145,474			
NEI	Outdoor Play Parks	5,830	100,000		
NEI	Play Areas	41,257			
NEI	Procurement of Wheeled Bins	552,865			
NEI	Public Arts Project	4,000			
NEI	Rechargeable Works	169,564			
NEI	Re-floodlighting of Durham Cathedral and Castle	10,906			
NEI	Relocation of Key Services / Facilities	180,630			
NEI	Replacement of Gully Covers	401,671			
NEI	River Erosion Remedial Works	240,199			
NEI	Roundabout Project	13,000			
NEI	Salt Barn Wolsingham	520,000			
NEI	Seaham Harbour/North Pier	347,173	1,900,000		
NEI	Skate Parks	101,651			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
NEI	Stanley Customer Access Point/Library	20,000	1,380,000		
NEI	Street Lighting Invest to Save	3,504,029	3,809,590	3,809,590	11,428,768
NEI	Structural Maintenance of Footways	501,397			
NEI	Structural Patching 2013/15	1,500,000	1,500,000		
NEI	Tindale Depot	100,000			
NEI	Unadopted Footways Countywide	241,609			
NEI	Vehicle Plant and Maintenance	1,994,529	3,553,765		
NEI	Waskerley Way	2,498			
NEI	Waste Infrastructure Capital	123,868	365,000		
NEI	Waste Transfer Stations and Green Resource Facilities	400,000	5,156,600		
NEI	Wharton Park Restoration	156,958			
NEI	Gilesgate Play Area	74,488			
NEI Total		30,627,600	35,121,739	4,409,590	11,428,768
RED	Barnard Castle Vision	896,871	466,927		
RED	Barnard Castle Vision - Heart of Teesdale Landscapes	788,296	310,000	290,000	112,510
RED	CCTV	332,823	150,000		
RED	Accommodation Strategy	497,277	2,718,315	1,386,517	
RED	Durham County Cricket Club Loan	1,600,000	1,200,000		
RED	Disabled Facilities Grants	3,121,681	500,000	715,250	
RED	Durhamgate Redevelopment Programme	1,208,980	142,500		
RED	Eastgate	-	50,000	324,830	150,000
RED	Economic Development and Housing - minor schemes	893,940	685,485		
RED	Energy Efficiency Fund	-	1,500,000		
RED	Financial Assistance Policy	937,559	1,000,000		
RED	Gypsy Traveller Sites	2,258,000	6,274,427		
RED	Housing Renewal - Craghead Group Repair	129,627	269,077		
RED	Housing Renewal - Empty Homes Cluster Bid	255,000	4,115,800		
RED	Housing Renewal Programme	2,808,469	1,245,112		
RED	Industrial Estates	2,375,901	822,616		
RED	Land at Woodham	15,000	735,000		

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RED	Local Transport Plan (LTP)	4,110,624	3,103,000		
RED	LTP - Bus infrastructure	32,724			
RED	LTP - Chester le Street Parking	10,000			
RED	LTP - Crook Low Barnes	6,000			
RED	LTP - Electric Vehicle Charging Infrastructure	52,500			
RED	LTP - Footpath Improvements (Medomsley)	3,000			
RED	LTP - Horden Link Road	38,000			
RED	LTP - Place Shaping Support	55,000			
RED	LTP - Public Transport Information	50,000			
RED	LTP - Sustainable Travel - Demand Management	153,072			
RED	LTP - Walking and Cycling	773,930			
RED	LTP - Workplace Travel Planning and Attitudinal Change	72,801			
RED	Minor Schemes - Intercom Purchases Supported Housing	250,000			
RED	North Dock Seaham	141,951			
RED	North Dock Seaham - Final Phase	-	200,000		
RED	Palace Green Toilets	32,000			
RED	Planning and Assets - minor schemes	913,107	55,295		
RED	Renewable Energy Technologies - Biomass Boilers	368,495	370,000		
RED	Renewable Energy Technologies - Energy Efficiency Fund	125,582	716,000		
RED	Renewable Energy Technologies - Away from G	332,854	461,496		
RED	Renewable Energy Technologies - Boiler Optimisation	20,000	480,000		
RED	Renewable Energy Technologies - Solar Photovoltaics	-	1,828,454	1,400,620	
RED	Strategy, Programmes and Performance - minor schemes	106,195	596,752		
RED	Structural Capitalised Maintenance	4,256,496	7,274,378		
RED	Structural Capitalised Maintenance - Disabled Discrimination Act	306,881			
RED	Structural Capitalised Maintenance - Fire Safety	801,289			
RED	Structural Capitalised Maintenance - Gas Boiler Replacement	500,000			
RED	Town Centres	1,176,116	464,835		
RED	Town Centres - Claypath/Millennium Square	161,326	150,000		
RED	Town Centres - Consett - Arts Project (Gateway)	47,000	20,000		

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RED	Town Centres - Consett - Streetscape	186,835	40,725		
RED	Town Centres - Durham City Plus	-	113,695		
RED	Town Centres - Freemans Reach	18,000	139,322		
RED	Town Centres - Heart of the City	60,000	133,824		
RED	Town Centres - Pelton Art Work	20,000			
RED	Town Centres - Stanley Front Street	10,000	780,000		
RED	Town Centres - Stanley Public Realm	270,000	150,000		
RED	Town Centres - Targeted Business Improvement - East Durham Rural	33,879			
RED	Town Centres - Targeted Business Improvement - Shotton	20,000			
RED	Transit 15	798,000	1,841,566		
RED	Transport Corridors	232,010	1,127,286		
RED	Urban Rural Renaissance Initiative Programme	179,826			
RED	Transport - Major Schemes - Bishop Auckland Station	310,000	658,067		
RED	Transport - Major Schemes - East Durham Rail Halt	130,000	2,166,624	435,074	
RED	Transport - Major Schemes - Pinch Point	722,000	2,450,000		
RED	Transport - Major Schemes - Rights of Way	287,502			
RED	Transport - Major Schemes - Shildon to Newton Aycliffe Cycle Way	655,000	137,000		
RED	Transport - Major Schemes - Villa Real Bridge	-	2,000,000		
RED	Transport - Major Schemes - West Auckland Bypass	265,000	30,000		
RED	Transport - Major Schemes - Wheatley Hill to Bowburn	40,000	80,000		
RED	Transport - Major Schemes - Durham City Relief Road	25,000	13,000	22,462	
RED Total		37,279,419	49,766,578	4,574,753	262,510
RES	.NET Application Development Architecture	50,000			
RES	Archiving of obsolete systems	250,000	200,000		
RES	Broadband / Digital Durham Programme	11,109	6,424,440	9,120,911	2,603,540
RES	Business Continuity	1,119,300			
RES	Corporate Improvement Programme - ICT	27,571			
RES	Code of Connection Compliance	79,598			

Service Grouping	Scheme	2013/14	2014/15	2015/16	2016/17
RES	Corporate Mail Fulfilment	10,650			
RES	Dark Fibre installations and Circuit/Microwave Upgrades	678,328	225,000		
RES	Fibre Channel Network for Storage	60,000	10,000		
RES	Geographic Information System - Architecture	60,000			
RES	Homeworking - Set up costs for employees	6,004	190,000		
RES	ICT Vehicle Fleet - Purchase of Vehicles	24,881			
RES	Infrastructure Environment Monitoring	216,000			
RES	Langley Park Institute IT Provision	2,174			
RES	Learning Gateway	18,223			
RES	NHS Datacentres	106,752			
RES	Oracle Development	300,000			
RES	Public Internet Access Portal	37,000			
RES	Replacement Desktop	1,113,295	1,400,000		
RES	Rural Community Broadband Fund	-	1,763,400		
RES	Server replacement	110,000	110,000		
RES	Sharepoint Architecture	58,804			
RES	Tanfield Data Centre	-	100,000		
RES	Tanfield Data Centre Core Switching Replacement	175,000			
RES	Tanfield Data Centre LAN Switching Replacement	650,000			
RES	Tanfield Power Upgrade	-	250,000		
RES	Telephony Replacement	21,994			
RES	Voice Recording for Mitel Telephone System	80,000			
RES Total		5,266,683	10,672,840	9,120,911	2,603,540
OVERALL TOTAL		133,390,390	149,429,810	32,950,177	14,382,203

ADDITIONS TO THE 2014/15 - 2015/16 MTFP CAPITAL PROGRAMME

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
ACE	Members Neighbourhood Budget	Continuation of Elected Members Neighbourhood Budget currently facilitated through the Area Action Partnerships. Capital sum allocated increased from £10k to £14k per member with corresponding reduction in revenue budget. Projects funded through this resource have played a key role in the success of the Partnerships. The fund has resourced hundreds of frontline projects in line with priorities set by local communities.	£ 504,000	£ 1,764,000	£ 2,268,000
ACE	Area Action Partnership	AAPs have been set up to give people in County Durham a greater choice and voice in local affairs. The partnerships allow people to have a say on services, and give organisations the chance to speak directly with local communities. Each AAP has an allocation of £120,000 for local projects and investments. It is proposed that £24,000 of the revenue allocation is transferred to capital resulting in a new capital programme for AAPs.	336,000	336,000	672,000
		ACE Sub Total	840,000	2,100,000	2,940,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
CAS	DFE Capital Maintenance & Basic Need Grants	The majority of the Schools Capital Programme is supported by Department for Education grant. The funding will be used to improve schools in the poorest "Condition" and provide additional classroom capacity where the need exists.	£ 0	£ 7,200,000	£ 7,200,000
CAS	Schools Repairs and Maintenance	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.	3,594,000	0	3,594,000
CAS	Schools Devolved Capital	DFE Grant each year to schools for minor improvements and major ICT purchases is received as a School Devolved Capital allowance	1,428,000	0	1,428,000
CAS	Basic Need	The capital grant funding provided by the Government to finance investment in schools infrastructure to ensure there is enough classroom capacity to meet the wishes of parents is insufficient. During 2014 investment is required at Edmonsley Primary, Easington CE Primary and Neville's Cross Primary. This investment of £0.868m will meet this need.	868,000	0	868,000
CAS	Free School Meals Support	The Government is to extend the Free School Meals entitlement to all Reception. Year 1 and Year 2 pupils. To support this extension the Government has allocated an additional capital grant which is to be utilised in improving School Kitchens	1,040,000	0	1,040,000
		CAS Sub Total	6,930,000	7,200,000	14,130,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
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. The 2015/16 grant allocation is indicative at the present time but is expected to exceed previous year's allocations in line with the 2015/16 Spending Round.	£ 0	£ 13,480,000	£ 13,480,000
NEI	Highways Maintenance - Council Contribution	The severe winter weather experienced over recent winters has resulted in an accelerated deterioration of the national highway network. Failure to maintain the condition of the network will have an adverse effect on the number of accidents on the network with an associated increase in insurance claims/PLI premiums and a decrease in the public satisfaction. The additional contribution from the council will enable priority works to be completed. The council contribution in 2015/16 includes a transfer of £0.756m from Local Neighbourhood budget. In the past local Members were allocated £6k each to invest in local transport schemes. This has been transferred into the core highways maintenance budget.	2,000,000	2,756,000	4,756,000
NEI	B6300 Browney Lane - Embankment Repairs	Potential for major failure resulting in large scale damage and disruption to the road and the east coast main railway line. The road will be subject to ongoing traffic management which is causing disruption to road users. A weight restriction may have to be introduced which will divert HGVs onto surrounding roads. Costs will be shared with Network Rail.	100,000	1,000,000	1,100,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
NEI	Flood Prevention	The Council has a statutory responsibility to maintain its own drainage assets and riverbanks. There is also a need for new flood prevention schemes. This funding will therefore be used to maintain existing assets and for new priority schemes. The provision of funding from the Council will enable external funding to be levered in from the Environment Agency who often require co-funding before they will support flood prevention schemes.	£ 1,000,000	£ 1,050,000	£ 2,050,000
NEI	Leachate control and Environmental Management	The County Council has inherited a range of environmental issues which the Environment Agency require urgently resolving, particularly relating to gas and leachate control. The Environment Agency have highlighted that if the Environmental Control measures which need to be undertaken are not, then the County Council will fail to meet the standards required as part of the transferred waste permit and as such will be open to prosecution and financial penalty. Fines could be significantly greater than this, depending on the nature of the permit breach and on a breach by breach basis, as well as the associated reputational damage to the authority.	520,000	220,000	740,000
NEI	Wharton Park Restoration	This capital funding is linked to a cabinet approved bid for a £3m project to restore the park, the capital is required to meet the revised match funding criteria set by HLF, Cabinet approved the scheme at the July 2013 meeting	48,000	92,000	140,000
NEI	DLI Museum Collection Restoration	The ability to develop MFTP savings from the museums budget and access significant HLF funding associated with the commemoration of WW1, will be premised on the ability to re-present the collection.	50,000	0	50,000
		NEI Sub Total	3,718,000	18,598,000	22,316,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Seaham - Final Phase of North Dock	Key Ambitions and Objectives (Vibrant and Successful Towns; A Top Location for Business) in the Councils Regeneration Statement January 2012. Final phase of multi-million pound project, bringing in £5.3 million pound of external funding. Centred around the conservation and restoration of the Georgian North Dock Quayside the proposal will also open up further areas for public use and introduce further leisure/business opportunities for local residents.	£ 0	£ 400,000	£ 400,000
RED	Gypsy, Roma and Traveller Site Refurbishment	The Accommodation Needs Assessment for Gypsies and Travellers was undertaken in 2007 and identified that sites were in need of urgent refurbishment. The sites are owned, managed and maintained by the authority who have a duty to ensure that all sites meet the standards outlined within current government policy and legislation. HCA funding of £3.7m supports the programme. The four sites are Tower Road, Stanley; Drum Lane, Birtley; Green Lane, Bishop Auckland and Adventure Lane, West Rainton. Further risks have been identified as a result of detailed design placing additional burden within the risk register, an additional council contribution of £1.15m is required in order to meet the contingency gap.	0	1,150,000	1,150,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Local Transport Plan	This funding is essential to deliver the LTP and contributes to both the County Durham Plan and the Regeneration Statement. This allocation is at the core of the delivery of transport improvements across County Durham including walking and cycling, casualty reduction, bus infrastructure, town centre improvements, highway improvement and junction schemes. Although the DfT have increased the overall national budget for the Integrated Transport Block, a portion of this has been allocated to the Single Growth Fund and consequently leads to a reduction in the direct ITB allocation for the council from £3.183m to £2.566m, though this figure is still to be confirmed.	£ 0	£ 2,566,000	£ 2,566,000
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.	0	5,000,000	5,000,000
RED	Bishop Auckland Town Centre - Business Improvement	Bishop Auckland - Bondgate & shop wraps / business improvement schemes - Auckland Castle Trust's vision is 'to develop Bishop Auckland as a vibrant destination for local people and visitors alike, with Auckland Castle at its heart'. This is intended to establish an international-quality national exhibition of religion in Britain and to act as a catalyst for the wider regeneration of Bishop Auckland. The proposals to support the Trust's ambitions is 2 fold. These are; 1 Increase parking to serve the Castle and wider town. 2 Decrease shop vacancy levels and improve the appearance of the Town Centres. Part of the bid is self-financing from car park income.	780,000	800,000	1,580,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Peterlee North East Industrial Estate -Site Assembly	The capital budget must be provided in order to commence a programme of property acquisitions as part of a range of measures to reduce development risk to the extent that the private sector will drive a redevelopment scheme. This will be used to support viability by simplifying land assembly and will sit alongside expected S.106 contributions of £1.55 million for affordable housing provision and the funding of a planning application for the redevelopment of NEIE by the developer of a nearby 900 house scheme at Low Hills. The council is the only body with the notional capability of facilitating a redevelopment scheme and is adopting a strategic approach based upon acquisition, master planning and business support. The project accords with the County Durham Plan together with the regeneration focus on Peterlee town centre and other business sites in the town.	£ 600,000	£ 530,000	£ 1,130,000
RED	Crook Queen Street Depot - Site Assembly	Work on site to prepare for development has been on-going. A stage has now been reached where Council intervention is required for assembly and demolition of properties, including Council vacant premises.	600,000	0	600,000
RED	Sniperley Park and Ride Extension	The Sniperley Park & Ride site is rapidly reaching capacity and in order to remain as effective and being able to reduce the need for people to drive into the city centre, extra capacity is needed at this location. By increasing the number of spaces available at these key sites, this also provides the infrastructure to accommodate more vehicles for special events in Durham such as Lumiere.	600,000	0	600,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Durham Bus Station and North Road Development	<p>The Bus Station has changed little since it was opened in the early 1970's and is not well connected with the primary retail environment and the nearby rail station. As a result of the inefficient public transport connectivity and accessibility, car use and therefore congestion across the city is high. Problems exist with poor access links between the bus and railway stations. These are mainly caused by topography, but are compounded by the A690 roundabout which provides the main east/west connection across the City Centre and currently acts as a barrier. The existing bus station has capacity issues, with a number of services operating from on-street locations in North Road and Milburngate to compensate, further reducing the pedestrian and retail environment. This investment would then provide further development opportunities with the private sector for this part of the city, significantly assisting with planned economic growth and redevelopment of the wider area whilst providing a main gateway to the city. Further opportunities for funding are to be investigated during the development of the scheme (e.g. ERDF).</p>	£ 1,000,000	£ 4,000,000	£ 5,000,000
RED	Durham City Urban Traffic Control	<p>The scheme will address existing congestion problems within Durham City and to provide a means to improve air quality. The primary objectives of the UTC project are to:</p> <ul style="list-style-type: none"> • smooth and regulate the flow of traffic through Durham City • assist public transport by making journey times more predictable/consistent in peak periods. • improve air quality, particularly where action zones have been declared. • effectively manage the network to cope with incidents and planned events. • provide control strategies to address issues within the network <p>The scheme also links in as part of Transit 15 corridor towards Gilesgate. (T15 is also contributing to the scheme)</p>	0	1,000,000	1,000,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Community Alarm Equipment Replacement	Health and Safety issues to residents if alarms fail to connect to control room which could result in serious injury or death. Staff resources unable to manage the expected increase in volume of failed alarms and revenue budgets do not support the replacement costs. We are currently reviewing the service and opportunities in future years to self fund this replacement programme but need to ensure that funding will be available to fund this critical, preventative service. Please note the equipment that requires replacement is also linked to smoke alarms, CO detectors, Intruder alarms and fire alarms for buildings. The most vulnerable residents who receive Telecare Services.	£ 0	£ 250,000	£ 250,000
RED	Disabled Facilities Grant - DCLG	Disabled Facilities Grant is a mandatory grant which provides significant support to the most vulnerable client groups across County Durham. Adaptations enable clients to remain within their own homes and to live independently. Current figures advise that most grants are awarded to the over 60 age group. The Joint Commissioning Strategy for Older People 2010-2013 has identified that there is an ageing population profile within County Durham for those aged 65 and over. The increases expected between 2007 and 2026 are, 65 and over 49.89%, 75 and over 71.4%, 85 and over 115.2%. Support for the grant is of significant importance as it plays a key role in increasing independence and enabling clients to live at home longer.	2,422,000	0	2,422,000
RED	Disabled Facilities - Council Contribution	This contribution from the Council will supplement the Disabled Facilities Grant received in 2015/16.	0	485,000	485,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Financial Assistance Policy	There is a need to ensure that all sectors of the housing market contribute to meeting local housing needs. Around 34% of private housing is failing to meet the decent homes standard and there are 16,000 households living in these properties who are classed as vulnerable. The aim of the private sector housing strategy is to improve the quality of private sector housing contributing to other key priorities which include:- better health, by providing more homes that are warm and safe, financial inclusion, by helping less well off homeowners carry out improvements to their home, increasing the supply of affordable, decent homes to rent in the private sector by bringing empty homes back into use for both rent and owner occupation, and taking measures to reduce fuel poverty.	£ 0	£ 250,000	£ 250,000
RED	Bishop Auckland Old Boys Grammar School	This capital budget is to support a HLF enterprise grant which if successful will require match funding. The grant has the potential to fully refurbish the site and remove the financial and negligent risk to the Authority. There is currently no dedicated budget for the building and any repairs and maintenance has to be sourced from exiting funds. The building and wider site is identified as a priority regeneration project within the Bishop Auckland Masterplan as it is a grade II listed asset in ever deteriorating state with an increasing legal risk of liability of negligence against the authority. This work should be done given the clear ongoing financial liability to the authority, in that the further the building deteriorates the costs of basic maintenance and repair will only ever increase.	0	600,000	600,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RED	Seaham Railway Street - Site Assembly	The area is the next identified priority of the Seaham Regeneration Framework and would bring forward a site of approximately 1 Ha for development. There are opportunities for this site to be redeveloped providing opportunities for retail and leisure developments.	£ 0	£ 500,000	£ 500,000
RED	Town Masterplan Priorities	<p>This allocation will aim to deliver:</p> <ul style="list-style-type: none"> - 9 significant public realm improvements in main retail areas; - 3 schemes that will improve vehicular access to the centres, - Improve TRO's in Consett and introduce new loading bays; - Improve and increase car parking capacity at areas across Seaham, Railway Street; Stanley, Front Street and Scott Street Car Park; and Consett Front Street and Wesleyan/Victoria Road. <p>Works in the above three areas and Chester-le-Street have commenced during 2013/14.</p> <p>The proposal will also support at least 34 businesses through the Targeted Business Improvement Scheme, which will include vacant units and sites within prime areas, half of these businesses will access the Council's apprenticeship scheme or other training opportunities.</p> <p>It is expected that this scheme, with £0.26m of DCC budget intervention will attract circa £0.5m match funding.</p>	500,000	700,000	1,200,000
		RED Sub Total	6,502,000	18,231,000	24,733,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
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.	£ 0	£ 1,000,000	£ 1,000,000
RES	Ongoing Server replacement	This is the schedule for the replacement for servers within the council. The servers are replaced on a 5 year cycle.	0	110,000	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	Archiving of obsolete systems based on non-supported hardware.	Number of legacy systems which still hold information that is required for legislation purposes. The platforms these are based upon are no longer supported and would be impossible to migrate to modern hardware as neither the software or database would be compatible. There will be potential revenue savings on licenses for the read only licenses for the applications. The cost will vary according to the complexity of the system.	0	50,000	
RES	Desktop Mailing Solution	The Authority is now completing large scale mailings within the Printing service using the mail fulfilment equipment. This leaves the one off letters being done locally produced from an MFD, enveloped and then posted. There is now software which would link with the current bulk software available that would allow any one off letters to be mailed. The funding will purchase an enterprise solution for the Authority which would allow anyone in Durham to access the software. It is forecast that revenue savings will finance the borrowing costs associated with the investment.	100,000	0	100,000

SERVICE	SCHEME	BACKGROUND	2014/15	2015/16	TOTAL
RES	Dark Fibre Installations and Circuit Upgrade	Legacy circuits and microwave are still being used for connectivity on the network with the council continuing to pay excessively high revenues for outdated under-performing connectivity. The council are also subjected to cost increases yearly for this whilst being delivered a reduced service as the connectivity will underperform for modern requirements and in some cases a loss/unusable service will happen. The on-going support of these types of connectivity utilises high levels of resource due to the nature of it, this in turn results in engineers not being utilised in an efficient manor maintaining council main assets. This investment can be financed from the revenue savings generated.	£ 0	£ 175,000	£ 175,000
		RES Sub Total	200,000	1,335,000	1,535,000
		TOTAL	18,190,000	47,464,000	65,654,000

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2014/15 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 a new pay structure and revised conditions of employment for the majority of the workforce was agreed during 2012, in order to ensure that the council is able to operate as a modern, fit for purpose and streamlined organisation.

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, four 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 where required.

2.3 Key Principles

- The Chief Officer Pay policy is designed to be easily understood and to 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.

This council has agreed a salary structure for its senior posts and agrees that appointment to any vacancies on this structure at the salaries referred to in this statement are permitted. The creation of any new appointments paying over £100,000 should however be presented to Council for approval.

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 government at levels set by order in relation to each national poll and according to scale of fees agreed by the council in relation to Local Elections.

Set out in Annex 1 is a scale of fees for the conduct of the County Council and Parish elections. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National rates are given for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions to ensure sufficient interest is maintained in undertaking these roles.

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) remunerated in Durham on incremental scale from £12,435 rising to £14,880 (excluding 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.

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 1.3 billion for service delivery.
- Undertaking the role of the Head of Paid Service to over approximately 17,500 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 16:1, against figures published by Government of an expectation to always be below 20:1 in local government.

In addition, during 20 14/15 the employer will contribute 13.8% 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 has successfully completed the implementation of a new pay and conditions framework for the wider workforce. This pay scheme is 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.

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 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 is one for 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.

Annex 1: Proposed Scale of Fees for Elections

Set out in Annex 1 is a scale of fees for the conduct of the County Council and Parish elections. The fees are based on the principle that the Returning Officer and nominated deputies will be remunerated in view of personal responsibilities, but at a rate below that of national elections. National rates are given for other posts such as Presiding Officers, Poll Clerks, Count Staff and postal vote sessions to ensure sufficient interest is maintained in undertaking these roles"

Core Election Team members will receive an 'election fee' covering overtime worked and additional responsibilities undertaken during the election period. The overall fee will reflect the amount received at National Elections for example the Alternative Vote Referendum and the Police and Crime Commissioner Election. Any Election Team member who is paid an 'election fee' will not receive any additional payment if undertaking a Deputy Returning Officer role or other roles.

Role	Fee	Comments
Returning Officer	£100 per division	Just over half the rate paid at national elections
Deputy Returning Officers	Capped up to £60 per division	Fee dependant on role undertaken and level of fee paid to be determined by the Returning Officer
Election Day		
Presiding Officer	£195 (plus 20% for combination)	National Rate
Poll Clerk	£115 (plus 20% for combination)	National Rate
Polling staff – training fee	£40.00	As at PCC Election
Polling Station-Staff Trainer	£120.00 per session	As at PCC Election
Polling Station Inspector	£19.50 per Polling Station (plus 20% for combination)	National Rate
Postal Votes		
Postal Vote Supervisors including Scanners	£12.50 per hour	National Rate
Postal Vote Assistants	£10 per hour	National Rate
Postal Vote Opening - Training	£20.00	As at PCC Election
Postal Vote Opening - Trainer	£60.00 per session	As at PCC Election
Ballot Box Receipt and Document Sort		
Ballot Box Supervisor	£100.00	As at PCC Election

Ballot Box Receipt Asst	£50.00 per session of up to 4 hours	As at PCC Election
The Count		
Count Supervisor/Adjudicator	£250.00	As at PCC Election
Count Supervisor-Trainer	£50.00	As at PCC Election
Count Senior Assistant	£160.00	
Count Supervisor and Senior Assistant Training	£40.00	As at PCC Election
Count Assistant	£50.00 per session of up to 4 hours	As at PCC Election
Security	£100	
General		
Clerical Assistance – use of temporary staff	£200 per division	National rate
Car Mileage	48p per mile	DCC mileage rate
Poll Card Delivery	12p per card (plus 2p mgt)	As at PCC Election

Summary

In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the proposed Treasury Management Strategy for 2014/15, 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 2014/15
 - Annual Investment Strategy 2014/15

- Prudential Indicators 2013-2017
 - Minimum Revenue Provision Policy 2014/15
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 2014/15

This report covers the following issues in respect of 2014/15:

- (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) Annual 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 2013, with comparators for 31 March 2013 and a forecast position for 31 March 2014:

	31-Mar-13 (£m)	Average Rate (%)	31-Dec-13 (£m)	Average Rate (%)	31-Mar-14 (£m)	Average Rate (%)
Borrowing	440.389	4.61	437.243	4.67	466.971	4.60
Investments	110.348	1.71	117.900	0.85	91.718	0.85
Net Debt	330.041		319.343		375.253	

Borrowing is forecast to increase by around £26m in 2013/14, whilst investment levels will fall by £19m. 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)

As at the 1 April 2012 existing County Council debt was 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	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
Non-HRA	122.177	135.741	168.178	85.613	23.896
HRA	43.919	50.308	50.000	29.000	28.000
Total	166.096	186.049	218.178	114.613	51.896
Financed by:					
Capital receipts	9.114	16.586	22.021	13.142	1.541
Capital grants and contributions	76.442	81.719	88.341	28.342	1.515
Revenue and reserves	39.248	31.823	29.582	25.666	26.374
Net financing need for the year	41.292	55.921	78.234	47.463	22.466

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.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement					
CFR – non housing	372.659	406.162	462.584	487.757	487.098
CFR - housing	232.171	238.584	243.162	244.953	245.038
Total CFR	604.830	644.746	705.746	732.710	732.136
Movement in CFR	25.692	39.916	61.000	26.964	0.574

Movement in CFR represented by					
Net financing need for the year (above)	41.292	55.921	78.234	47.463	22.466
Less MRP/VRP and other financing movements	-15.600	-16.005	-17.234	-20.499	-23.040
Movement in CFR	25.692	39.916	61.000	26.964	0.574

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.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	%	%	%	%	%
Non-HRA	5.92	6.16	7.45	9.33	11.35
HRA (inclusive of settlement)	25.13	23.91	28.02	27.56	26.79

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.

	2013/14	2014/15	2015/16	2016/17
	Estimate	Estimate	Estimate	Estimate
	£	£	£	£
Council tax - band D	0.00	3.21	8.20	4.59

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.

	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£
Weekly housing rent levels	16.53	18.02	17.67	18.74	19.86

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

(i) Current portfolio position

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised overleaf. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2012/13 Actual £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
External Debt					
Debt at 1 April	417.906	440.389	466.971	522.962	553.275
Expected change in Debt	22.483	26.582	55.991	30.313	38.782
Other long-term liabilities (OLTL)	49.744	51.087	49.562	47.782	48.509
Expected change in OLTL	1.343	-1.525	-1.780	0.727	3.716
Actual gross debt at 31 March	491.476	516.533	570.744	601.784	644.282
The Capital Financing Requirement	604.830	644.746	705.746	732.710	732.136
Under / (over) borrowing	113.354	128.213	135.002	130.926	87.854

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 gross debt 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 2014/15 and the following two financial years. 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	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
	Borrowing	595.000	658.000	684.000
Other long term liabilities	50.000	48.000	49.000	53.000
Total	645.000	706.000	733.000	733.000

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	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m
Borrowing	645.000	708.000	734.000	730.000
Other long term liabilities	53.000	51.000	52.000	56.000
Total	698.000	759.000	786.000	786.000

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	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	£m	£m	£m	£m
Total	245.747	245.747	245.747	245.747

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.

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

	2014/15	2015/16	2016/17
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 2014/15			
	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 Capita 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 Capita central view.

Annual Average	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
	%	%	%	%
Mar 2014	0.50	2.50	4.40	4.40
Jun 2014	0.50	2.60	4.50	4.50
Sep 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
Mar 2015	0.50	2.80	4.60	4.70
Jun 2015	0.50	2.80	4.70	4.80
Sep 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
Mar 2016	0.50	3.10	5.00	5.10
Jun 2016	0.75	3.20	5.10	5.20
Sep 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
Mar 2017	1.25	3.40	5.10	5.20

Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth has rebounded during 2013 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are also currently very positive in indicating that growth prospects are strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away

from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- As for the Eurozone, concerns have subsided considerably in 2013. However, sovereign debt difficulties have not gone away and major concerns could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond;
- Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this 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 relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2014/15 treasury operations. The Corporate Director Resources

will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

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 Capita Asset Services (Capita), 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

Following advice from Capita the criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) has been revised to allow access to a greater range of institutions. This will provide flexibility at times when cash balances are high together with the potential to achieve better rates of return due to the increase in the time limit for investments:

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-	A3	A-
Viability/Financial Strength	bb-	C-	-
Support	3	-	-

2. Non UK Banks 1 – the Council will only use non UK banks which have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings:

	Fitch	Moody's	Standard & Poors
Sovereign Rating	AAA	AAA	AAA
Short Term	F1+	P1	A1+
Long Term	AA-	Aa3	AA-
Viability/Financial Strength	bb+	C	-
Support	1	-	-

3. 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.
4. 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.
5. 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.
6. Building societies. The Council will use societies which meet the ratings for banks outlined above.
7. Money Market Funds
8. UK Government (including gilts, Treasury Bills and the Debt Management Account Deposit Facility)
9. 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	2 years
Banks 1 category medium quality	A	£35m	1 year
Banks 1 category medium quality	A-	£25m	100 days
Banks 2 category – part-nationalised	N/A	£60m	2 years
Banks 3 category – Council's banker	A-	£25m	3 months
DMADF/Treasury Bills	AAA	unlimited	6 months
Local Authorities	N/A	£10m each	5 years
Money Market Funds	AAA	£10m each (overall £50m)	liquid

vii. Icelandic Bank Investments Update

The County Council had £7m deposited across the Icelandic banks Glitnir Bank hf (£4m), Landsbanki (£2m) and Kaupthing Singer and Friedlander Ltd (£1m), which all effectively collapsed financially in October 2008. The Council's recovery position is as follows:

- Glitnir: a full distribution was made in March 2012, however an element of the distribution is in the Icelandic Kroner currency, which has been placed in an escrow account in Iceland due to currency controls currently operating in the country. As a result this element is subject to exchange rate risk, over which the Council has no control. The Council has made an impairment of 4% to allow for currency fluctuations.
- Landsbanki: 55% of an anticipated 100% recovery is expected to have been repaid by 31 March 2014. Again, a small element of the distribution is in Icelandic Kroner which has been placed in an escrow account in Iceland due to currency controls and is subject to exchange rate risk.
- Kaupthing Singer and Friedlander: 79% of the outstanding balance is expected to have been repaid by 31 March 2013. 85.25% recovery is anticipated in the long run.

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 Capita 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

26 February 2014

**Council Tax Setting in Order to Meet
the County Council's Council Tax
Requirement for 2014/15**



Report of Cabinet

[Councillor 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 2014/15.

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 2014.
- 3 The Localism Act 2011 and the Local Audit and Accountability Act 2014 have made significant changes to the Local Government Finance Act 1992, and now require the County Council as 'billing authority' to calculate its 'council tax' requirement for the year and to determine the need for a referendum.
- 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 £1,308.39. The Council Tax at Band D including the Fire and Police precepts is £1,560.12.
- 6 County Durham and Darlington Fire and Rescue Authority set a Band D Council Tax of £92.16 at its meeting on 13 February 2014.
- 7 The Durham Police and Crime Commissioner set a Band D Council Tax of £159.57 at its meeting on 3 February 2014.
- 8 There will also be an additional Council Tax in any parished area where a precept has been served on the council as billing authority, 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 2014. 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 2013/14 and this is based on the forecasted collectable debit and collection performance across the County.
- 12 The forecasted balanced position on the Council's Collection Fund for 2013/14 has been communicated to the Fire Authority and the Police and Crime Commissioner.

Council Tax Calculations

Basic Council Tax

- 13 The County Council's Cabinet set its Council Tax base at 129,047.4 Band 'D' equivalent properties at its meeting on 18 December 2013 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 by the council will relate to a Band D property. 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.
- 16 60% of the council tax payers in County Durham live in Band A properties and the proposed Band A council tax for County Durham is £872.26 which equates to an increase of 33 pence per week.

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

- 17 The Town and Parish Council Precepts for 2014/15 are detailed in Appendix 3 and total £10,450,372.31. The precepts when compared to 2013/14 show an increase in the average Band D Council Tax for Town and Parish Councils of 3.96% and results in an average Band D Council Tax figure of £106.57 for 2014/15.
- 18 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 18 December 2013 for their respective areas.
- 19 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 £45,234.00 has been levied and this is also shown in Appendix 3. This equates to a council tax at Band D of £1.90 and will be paid in addition to the County Council's Council Tax by those taxpayers living in the former City of Durham District Council area.

County Durham and Darlington Fire and Rescue Authority

- 20 County Durham and Darlington Fire and Rescue Authority is a separate body responsible for its own financial affairs. It approved a 1.90% increase in Council Tax for 2014/15 and this was confirmed on 13 February 2014. This will result in a Band D Council Tax of £92.16.

Durham Police and Crime Commissioner

- 21 Durham Police and Crime Commissioner is a separate body responsible for its own financial affairs. It approved a 1.99% increase in Council Tax for 2014/15 and this was confirmed on 3 February 2014. This results in a Band D Council Tax of £159.57.

Conclusions

- 22 The recommendations of the Council for council tax setting purposes are set out in the formal Council Tax Resolution below in paragraph 26.
- 23 If the formal Council Tax Resolution is approved, the total Band D Council Tax, excluding Parish Councils and the Charter Trustees for the City of Durham will be as follows:

	2013/14 £	2014/15 £	Increase/ Decrease (-) %
Durham County Council	1,282.86	1,308.39	1.99
County Durham and Darlington Fire and Rescue Authority	90.45	92.16	1.90
Durham Police and Crime Commissioner	156.47	159.57	1.99
Total	1,529.78	1,560.12	1.98

- 24 Durham County Council's Council Tax 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.
- 25 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 Durham Police and Crime Commissioner. 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

- 26 The County Council is recommended to resolve as follows:
- (a) It be noted that on 18 December 2013 the Cabinet calculated the Council Tax Base 2014/15;
 - i) for the whole Council area as 129,047.4 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 2014/15 (excluding Parish precepts and the Charter Trustees for the City of Durham) is £168,844,328.
 - (c) That the following amounts be calculated for 2014/15 in accordance with Sections 30 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: £1,150,303,568.

- ii) being the aggregate of the gross income which the Council estimates for the items set out in Section 31A(3) of the Act: £971,008,868.
 - 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): £179,294,700.
 - 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: £1,389.37.
 - 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): £10,450,372.
 - 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: £1,308.39.
- (d) That Members note that for 2014/15 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
£							
61.44	71.68	81.92	92.16	112.64	133.12	153.60	184.32

- (e) That Members note that for 2014/15 Durham Police and Crime Commissioner 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 AND CRIME COMMISSIONER

A	B	C	D	E	F	G	H
£							
106.38	124.11	141.84	159.57	195.03	230.49	265.95	319.14

- (f) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 (as amended), hereby sets the

aggregate amounts shown in the tables below as the amounts of Council Tax for 2014/15 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
£	£	£	£	£	£	£	£
872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78

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

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24

- (g) The Council has determined that its relevant basic amount of Council Tax for 2014/15 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 (as amended) and that the increase in Council Tax is not excessive in accordance with the principles approved under Section 52ZC Local Government Finance Act 1992 (as amended).
- (h) As the billing authority, the Council has not been notified by County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner, as major precepting authorities, that their relevant basic amount of Council Tax for 2014/15 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992 (as amended).
- (i) The County Council, in accordance with Section 11A (4) of the Act sets a 0% discount for Second and Empty Furnished Homes.
- (j) The County Council, in accordance with Section 11A (4A) of the Act sets a 0% discount for dwellings defined in Classes C or D.
- (k) The County Council, in accordance with Section 11B (1b) of the Act sets a 150% premium for Long Term Empty Homes for 2014/15.
- (l) That the Chief Executive be instructed to publish a notice in accordance with Section 38 (2) of the Act, relating to the amounts of council tax set.
- (m) That the Chief Executive be instructed to publish a notice in accordance with Section 11A (6) and 11B (6) of the Act, relating to the discount set.

Background Papers

- (a) Cabinet – 18 December 2013 – Calculation of Council Tax Base 2014/15.

Contact: Ian Herberson Tel: 03000 261861

Appendix 1: Implications

Finance – The report sets out recommendations for setting the council tax for 2014/15.

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
2014/15**

	£
County Council's Net Expenditure	419,253,597
Less:	
Revenue Support Grant	138,710,043
Business Rates-Local Share	52,342,367
Top Up Grant	59,356,859
Council Tax Requirement	168,844,328
Parish and Town Council Precepts	10,450,372
Council Tax Requirement (Including Parishes)	179,294,700

**Appendix 3: Schedule of Council Tax by Parish and Town Council
within Durham County Council 2014/15**

(1)	2013/14			2014/15			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	32.10	NIL	0.00	32.70	NIL	0.00	0.00%
Barnard Castle	1,693.10	147,791.00	87.29	1,693.10	149,994.00	88.59	1.49%
Barningham	80.40	600.00	7.46	81.80	750.00	9.17	22.92%
Bearpark	514.60	11,600.00	22.54	519.40	12,760.00	24.57	9.01%
Belmont	2,786.90	69,000.00	24.76	2,770.70	69,000.00	24.90	0.57%
Bishop Auckland	3,884.60	111,078.00	28.59	3,920.20	142,027.00	36.23	26.72%
Bishop Middleham	399.40	46,841.00	117.28	401.40	47,076.19	117.28	0.00%
Bolam	43.60	NIL	0.00	43.50	NIL	0.00	0.00%
Bournmoor	567.00	10,853.00	19.14	573.70	11,147.00	19.43	1.52%
Boldron	50.70	375.00	7.40	48.30	325.00	6.73	-9.05%
Bowes	162.70	3,557.40	21.86	160.30	3,504.16	21.86	0.00%
Bradbury	56.80	1,326.38	23.35	59.30	1,384.66	23.35	0.00%
Brancepeth	209.20	8,976.00	42.91	216.70	10,228.46	47.20	10.00%
Brandon and Byshottles	4,509.90	134,974.00	29.93	4,510.40	145,160.00	32.18	7.52%
Burnhope	373.60	4,848.00	12.98	379.60	5,100.00	13.44	3.54%
Cassop-cum-Quarrington	1,317.00	20,317.00	15.43	1,350.20	24,789.00	18.36	18.99%
Castle Eden	303.80	8,000.00	26.33	297.60	7,835.81	26.33	0.00%
Chilton	837.20	154,639.00	184.71	846.20	160,337.00	189.48	2.58%
Cleatlam	38.90	NIL	0.00	38.30	NIL	0.00	0.00%
Cockfield	369.70	14,736.00	39.86	378.70	15,473.00	40.86	2.51%
Cornforth	586.50	78,990.00	134.68	591.80	81,663.00	137.99	2.46%
Cornsay	243.10	11,500.00	47.31	242.40	12,040.00	49.67	4.99%
Cotherstone	246.90	5,872.00	23.78	247.50	5,907.00	23.87	0.38%
Coxhoe	1,162.60	67,942.00	58.44	1,192.50	72,686.00	60.95	4.30%
Croxdale and Hett	300.50	10,000.00	33.28	286.70	9,541.38	33.28	0.00%
Dalton-le-Dale	476.80	12,162.00	25.51	474.70	12,596.00	26.53	4.00%
Dene Valley	650.40	10,652.00	16.38	687.70	11,264.53	16.38	0.00%
Easington Colliery	1,076.20	242,841.00	225.65	1,086.30	279,267.15	257.08	13.93%
Easington Village	669.80	102,186.00	152.56	681.60	111,782.00	164.00	7.50%
Edmondsley	136.30	4,857.73	35.64	137.40	4,896.94	35.64	0.00%
Eggleston	180.40	6,000.00	33.26	180.40	6,000.10	33.26	0.00%
Eldon	82.10	8,401.00	102.33	80.10	8,879.00	110.85	8.33%
Esh	1,305.50	69,102.00	52.93	1,306.30	72,599.58	55.58	5.01%
Etherley	630.40	18,685.00	29.64	639.60	18,957.74	29.64	0.00%
Evenwood and Barony	630.10	17,194.00	27.29	634.40	17,312.00	27.29	0.00%
Ferryhill	2,202.20	449,910.00	204.30	2,177.30	455,950.00	209.41	2.50%
Fishburn	613.80	64,725.00	105.45	619.40	66,413.00	107.22	1.68%
Forest and Frith	54.90	0.00	0.00	58.70	150.00	2.56	-
Framwellgate Moor	1,605.60	40,108.00	24.98	1,627.70	40,660.00	24.98	0.00%
Gainford and Langton	474.20	36,620.00	77.22	473.50	36,563.00	77.22	0.00%
Gilmonby	16.40	NIL	0.00	15.00	NIL	0.00	0.00%
Great Aycliffe	6,230.40	1,271,600.00	204.10	6,294.20	1,316,600.00	209.18	2.49%
Great Lumley	1,010.30	17,272.00	17.10	1,013.10	18,043.31	17.81	4.15%
Greater Willington	1,635.50	65,450.00	40.02	1,641.40	76,554.00	46.64	16.54%
Greencroft	83.00	3,048.00	36.72	81.40	3,108.96	38.19	4.00%
Hamsterley	179.20	2,750.00	15.35	179.50	3,000.00	16.71	8.86%
Haswell	444.60	59,074.00	132.87	436.20	61,724.00	141.50	6.50%
Hawthorn	202.40	6,300.00	31.13	202.90	7,000.00	34.50	10.83%
Headlam	21.60	NIL	0.00	21.10	NIL	0.00	0.00%
Healeyfield	486.60	8,389.00	17.24	495.60	8,544.14	17.24	0.00%
Hedleyhope	54.40	2,888.00	53.09	55.90	2,967.73	53.09	0.00%
Hilton	18.00	NIL	0.00	18.90	NIL	0.00	0.00%
Holwick	35.90	NIL	0.00	35.50	NIL	0.00	0.00%
Hope	6.90	NIL	0.00	6.90	NIL	0.00	0.00%
Horden	1,533.70	363,161.00	236.79	1,532.40	362,857.00	236.79	0.00%
Hunderthwaite	46.10	NIL	0.00	45.40	NIL	0.00	0.00%
Hutton Henry	406.60	39,927.00	98.20	395.30	38,818.46	98.20	0.00%
Hutton Magna	46.50	472.00	10.15	46.40	470.96	10.15	0.00%
Ingleton	178.60	4,453.00	24.93	180.30	4,490.00	24.90	-0.12%
Kelloe	303.00	9,155.00	30.21	307.10	9,277.49	30.21	0.00%
Kimbleworth and Plawsworth	413.60	7,687.00	18.59	415.40	8,803.00	21.19	13.99%
Lanchester	1,413.70	50,624.00	35.81	1,411.60	51,636.00	36.58	2.15%
Langleydale	23.40	NIL	0.00	23.60	NIL	0.00	0.00%
Lartington	57.80	830.00	14.36	61.30	1,230.00	20.07	39.76%
Little Lumley	472.90	6,000.00	12.69	463.80	5,305.00	11.44	-9.85%
Lunedale	41.80	200.00	4.78	42.10	200.00	4.75	-0.63%
Lynesack and Softley	383.10	8,094.00	21.13	381.50	8,131.00	21.31	0.85%
Marwood	189.90	1,550.00	8.16	191.60	1,917.00	10.01	22.67%
Mickleton	168.30	3,914.00	23.26	168.50	3,919.31	23.26	0.00%
Middleton-in-Teesdale and Newbiggin-in-Teesdale	453.90	11,462.00	25.25	448.80	11,778.00	26.24	3.92%
Midridge	115.90	6,132.00	52.91	115.10	6,089.94	52.91	0.00%
Monk Hesleden	1,347.70	213,000.00	158.05	1,344.50	225,000.00	167.35	5.88%
Mordon	110.40	1,918.00	17.37	113.90	1,972.00	17.31	-0.35%
Morton Tinnmouth	5.30	NIL	0.00	4.80	NIL	0.00	0.00%

(1)	2013/14			2014/15			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	42.70	1,200.00	28.10	-0.50%
Murton	1,644.90	260,000.00	158.06	1,670.50	275,000.00	164.62	4.15%
North Lodge	900.90	17,092.00	18.97	900.10	17,414.90	19.35	2.00%
Ouston	800.00	20,000.00	25.00	808.60	22,000.00	27.21	8.84%
Ovington	66.10	1,084.00	16.40	67.00	1,800.00	26.87	63.84%
Pelton	1,365.50	109,545.00	80.22	1,374.40	134,093.00	97.56	21.62%
Peterlee	4,160.40	1,097,106.00	263.70	4,157.90	1,150,154.00	276.62	4.90%
Pittington	457.90	15,500.00	33.85	458.00	23,000.00	50.22	48.36%
Raby with Keverstone	32.90	NIL	0.00	32.50	NIL	0.00	0.00%
Rokeby, Brignall and Eggleston Abbey	68.10	1,350.00	19.82	66.60	1,620.00	24.32	22.70%
Romaldkirk	87.20	1,975.00	22.65	86.00	1,947.90	22.65	0.00%
Sacriston	1,194.80	48,774.00	40.82	1,233.40	50,347.39	40.82	0.00%
Satley	117.00	2,850.00	24.36	117.80	2,992.50	25.40	4.27%
Scargill	12.80	NIL	0.00	14.30	NIL	0.00	0.00%
Seaham	4,312.00	857,398.00	198.84	4,381.00	905,947.00	206.79	4.00%
Seaton with Slingley	404.60	11,585.00	28.63	402.30	11,700.00	29.08	1.57%
Sedgefield	1,821.50	232,419.00	127.60	1,813.90	231,454.00	127.60	0.00%
Shadforth	525.00	11,579.00	22.06	530.80	11,928.00	22.47	1.86%
Sherburn	827.00	20,298.00	24.54	820.50	20,135.07	24.54	0.00%
Shildon	1,973.50	474,570.00	240.47	1,979.00	485,410.00	245.28	2.00%
Shincliffe	713.30	14,040.00	19.68	717.60	14,122.37	19.68	0.00%
Shotton	880.80	80,341.00	91.21	879.20	86,981.00	98.93	8.46%
South Bedburn	75.50	750.00	9.93	76.00	750.00	9.87	-0.60%
South Hetton	661.50	82,236.00	124.32	662.10	87,267.00	131.80	6.02%
Spennymoor	5,018.50	1,000,140.00	199.29	5,149.00	1,051,790.00	204.27	2.50%
Staindrop	431.00	12,071.00	28.01	434.10	13,880.00	31.97	14.14%
Stainton and Streatlam	151.70	3,200.00	21.09	152.50	3,859.48	25.31	20.01%
Stanhope	1,531.70	27,713.44	18.09	1,512.40	38,000.00	25.13	38.92%
Stanley Town Council	6,993.80	587,190.00	83.96	7,105.10	614,452.00	86.48	3.00%
Startforth	341.10	6,212.00	18.21	342.30	11,500.00	33.60	84.51%
Thornley	556.80	107,527.00	193.12	573.80	131,887.00	229.85	19.02%
Tow Law	425.40	25,063.00	58.92	432.10	28,005.27	64.81	10.00%
Trimdon	1,024.60	143,026.00	139.59	1,053.90	147,113.90	139.59	0.00%
Trimdon Foundry	327.90	54,336.40	165.71	338.50	58,369.00	172.43	4.06%
Urpeth	1,025.80	29,000.00	28.27	1,025.40	31,000.00	30.23	6.93%
Wackerfield	19.70	NIL	0.00	19.70	NIL	0.00	0.00%
Waldrige	1,441.10	30,000.00	20.82	1,451.50	30,220.23	20.82	0.00%
West Auckland	561.80	16,000.00	28.48	561.50	17,592.00	31.33	10.01%
West Rainton and Leamside	665.70	25,000.00	37.55	659.40	25,000.00	37.91	0.96%
Wheatley Hill	592.50	90,631.00	152.96	590.50	95,164.00	161.16	5.36%
Whorlton and Westwick	105.30	3,300.00	31.34	105.80	3,500.00	33.08	5.55%
Windlestone	110.40	2,100.00	19.02	107.20	2,500.00	23.32	22.61%
Wingate	972.50	133,000.00	136.76	971.20	130,000.00	133.86	-2.12%
Winston	190.40	3,950.00	20.75	195.20	4,000.00	20.49	-1.25%
Witton Gilbert	715.00	26,555.00	37.14	718.00	26,939.00	37.52	1.02%
Witton le Wear	284.10	5,408.00	19.04	284.50	5,552.30	19.52	2.52%
Wolsingham	925.60	24,867.00	26.87	926.20	24,867.00	26.85	-0.07%
Woodland	76.90	1,230.00	15.99	74.80	1,226.00	16.39	2.50%
Wycliffe-with-Thorpe	47.40	NIL	0.00	43.10	NIL	0.00	0.00%
Durham City Charter Trustees	0.00	90,645.00	3.80	0.00	45,234.00	1.90	-50.00%
Total/Average (Excluding Unparished Areas)	97,379.30	9,982,466.35	102.51	98,059.00	10,450,372.31	106.57	3.96%
Reconciliation - Unparished Areas							
Consett	9,489.90	0.00	0.00	9,592.90	0.00	0.00	0.00%
Dipton	670.80	0.00	0.00	673.10	0.00	0.00	0.00%
Tanfield	1,422.40	0.00	0.00	1,426.80	0.00	0.00	0.00%
CLS Unparished	5,328.90	0.00	0.00	5,412.80	0.00	0.00	0.00%
Durham City Unparished	7,240.80	0.00	0.00	7,141.60	0.00	0.00	0.00%
Easington Unparished	53.60	0.00	0.00	55.60	0.00	0.00	0.00%
Wear Valley Unparished	6,619.30	0.00	0.00	6,685.60	0.00	0.00	0.00%
Total / Average (All Areas)	128,205.00	9,982,466.35	77.86	129,047.40	10,450,372.31	80.98	4.01%

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 2014/15

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Barnard Castle	931.32	1,086.54	1,241.76	1,396.98	1,707.42	2,017.86	2,328.30	2,793.96
Barningham	878.37	1,024.77	1,171.16	1,317.56	1,610.35	1,903.14	2,195.93	2,635.12
Bearpark*	889.91	1,038.22	1,186.54	1,334.86	1,631.50	1,928.13	2,224.77	2,669.72
Belmont*	890.13	1,038.48	1,186.84	1,335.19	1,631.90	1,928.61	2,225.32	2,670.38
Bishop Auckland	896.41	1,045.82	1,195.22	1,344.62	1,643.42	1,942.23	2,241.03	2,689.24
Bishop Middleham	950.45	1,108.85	1,267.26	1,425.67	1,742.49	2,059.30	2,376.12	2,851.34
Bolam	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Bournmoor	885.21	1,032.75	1,180.28	1,327.82	1,622.89	1,917.96	2,213.03	2,655.64
Boldron	876.75	1,022.87	1,169.00	1,315.12	1,607.37	1,899.62	2,191.87	2,630.24
Bowes	886.83	1,034.64	1,182.44	1,330.25	1,625.86	1,921.47	2,217.08	2,660.50
Bradbury	887.83	1,035.80	1,183.77	1,331.74	1,627.68	1,923.62	2,219.57	2,663.48
Brancepeth*	904.99	1,055.83	1,206.66	1,357.49	1,659.15	1,960.82	2,262.48	2,714.98
Brandon & Byshottles*	894.98	1,044.14	1,193.31	1,342.47	1,640.80	1,939.12	2,237.45	2,684.94
Burnhope	881.22	1,028.09	1,174.96	1,321.83	1,615.57	1,909.31	2,203.05	2,643.66
Cassop-cum-Quarrington*	885.77	1,033.39	1,181.02	1,328.65	1,623.91	1,919.16	2,214.42	2,657.30
Castle Eden	889.81	1,038.12	1,186.42	1,334.72	1,631.32	1,927.93	2,224.53	2,669.44
Chilton	998.58	1,165.01	1,331.44	1,497.87	1,830.73	2,163.59	2,496.45	2,995.74
Cleatlam	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Cockfield	899.50	1,049.42	1,199.33	1,349.25	1,649.08	1,948.92	2,248.75	2,698.50
Cornforth	964.25	1,124.96	1,285.67	1,446.38	1,767.80	2,089.22	2,410.63	2,892.76
Cornsay	905.37	1,056.27	1,207.16	1,358.06	1,659.85	1,961.64	2,263.43	2,716.12
Cotherstone	888.17	1,036.20	1,184.23	1,332.26	1,628.32	1,924.38	2,220.43	2,664.52
Coxhoe*	914.16	1,066.52	1,218.88	1,371.24	1,675.96	1,980.68	2,285.40	2,742.48

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	895.71	1,045.00	1,194.28	1,343.57	1,642.14	1,940.71	2,239.28	2,687.14
Dalton-le-Dale	889.95	1,038.27	1,186.60	1,334.92	1,631.57	1,928.22	2,224.87	2,669.84
Dene Valley	883.18	1,030.38	1,177.57	1,324.77	1,619.16	1,913.56	2,207.95	2,649.54
Easington Colliery	1,043.65	1,217.59	1,391.53	1,565.47	1,913.35	2,261.23	2,609.12	3,130.94
Easington Village	981.59	1,145.19	1,308.79	1,472.39	1,799.59	2,126.79	2,453.98	2,944.78
Edmondsley	896.02	1,045.36	1,194.69	1,344.03	1,642.70	1,941.38	2,240.05	2,688.06
Eggleston	894.43	1,043.51	1,192.58	1,341.65	1,639.79	1,937.94	2,236.08	2,683.30
Eldon	946.16	1,103.85	1,261.55	1,419.24	1,734.63	2,050.01	2,365.40	2,838.48
Esh	909.31	1,060.87	1,212.42	1,363.97	1,667.07	1,970.18	2,273.28	2,727.94
Etherley	892.02	1,040.69	1,189.36	1,338.03	1,635.37	1,932.71	2,230.05	2,676.06
Evenwood and Barony	890.45	1,038.86	1,187.27	1,335.68	1,632.50	1,929.32	2,226.13	2,671.36
Ferryhill	1,011.87	1,180.51	1,349.16	1,517.80	1,855.09	2,192.38	2,529.67	3,035.60
Fishburn	943.74	1,101.03	1,258.32	1,415.61	1,730.19	2,044.77	2,359.35	2,831.22
Forest and Frith	873.97	1,019.63	1,165.29	1,310.95	1,602.27	1,893.59	2,184.92	2,621.90
Framwellgate Moor*	890.18	1,038.54	1,186.91	1,335.27	1,632.00	1,928.72	2,225.45	2,670.54
Gainford and Langton	923.74	1,077.70	1,231.65	1,385.61	1,693.52	2,001.44	2,309.35	2,771.22
Gilmonby	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Great Aycliffe	1,011.71	1,180.33	1,348.95	1,517.57	1,854.81	2,192.05	2,529.28	3,035.14
Great Lumley	884.13	1,031.49	1,178.84	1,326.20	1,620.91	1,915.62	2,210.33	2,652.40
Greater Willington	903.35	1,053.91	1,204.47	1,355.03	1,656.15	1,957.27	2,258.38	2,710.06
Greencroft	897.72	1,047.34	1,196.96	1,346.58	1,645.82	1,945.06	2,244.30	2,693.16
Hamsterley	883.40	1,030.63	1,177.87	1,325.10	1,619.57	1,914.03	2,208.50	2,650.20
Haswell	966.59	1,127.69	1,288.79	1,449.89	1,772.09	2,094.29	2,416.48	2,899.78
Hawthorn	895.26	1,044.47	1,193.68	1,342.89	1,641.31	1,939.73	2,238.15	2,685.78
Headlam	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Healeyfield	883.75	1,031.05	1,178.34	1,325.63	1,620.21	1,914.80	2,209.38	2,651.26
Hedleyhope	907.65	1,058.93	1,210.20	1,361.48	1,664.03	1,966.58	2,269.13	2,722.96
Hilton	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Hope	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Horden	1,030.12	1,201.81	1,373.49	1,545.18	1,888.55	2,231.93	2,575.30	3,090.36
Hunderthwaite	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Hutton Henry	937.73	1,094.01	1,250.30	1,406.59	1,719.17	2,031.74	2,344.32	2,813.18
Hutton Magna	879.03	1,025.53	1,172.04	1,318.54	1,611.55	1,904.56	2,197.57	2,637.08
Ingleton	888.86	1,037.00	1,185.15	1,333.29	1,629.58	1,925.86	2,222.15	2,666.58
Kelloe*	893.67	1,042.61	1,191.56	1,340.50	1,638.39	1,936.28	2,234.17	2,681.00
Kimbleworth and Plawsworth	886.39	1,034.12	1,181.85	1,329.58	1,625.04	1,920.50	2,215.97	2,659.16
Lanchester	896.65	1,046.09	1,195.53	1,344.97	1,643.85	1,942.73	2,241.62	2,689.94
Langleydale	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Lartington	885.64	1,033.25	1,180.85	1,328.46	1,623.67	1,918.89	2,214.10	2,656.92
Little Lumley	879.89	1,026.53	1,173.18	1,319.83	1,613.13	1,906.42	2,199.72	2,639.66
Lunedale	875.43	1,021.33	1,167.24	1,313.14	1,604.95	1,896.76	2,188.57	2,626.28
Lynesack and Softley	886.47	1,034.21	1,181.96	1,329.70	1,625.19	1,920.68	2,216.17	2,659.40
Marwood	878.93	1,025.42	1,171.91	1,318.40	1,611.38	1,904.36	2,197.33	2,636.80
Mickleton	887.77	1,035.73	1,183.69	1,331.65	1,627.57	1,923.49	2,219.42	2,663.30
Middleton-in-Teesdale and Newbiggin-in-Teesdale	889.75	1,038.05	1,186.34	1,334.63	1,631.21	1,927.80	2,224.38	2,669.26
Middridge	907.53	1,058.79	1,210.04	1,361.30	1,663.81	1,966.32	2,268.83	2,722.60
Monk Hesleden	983.83	1,147.80	1,311.77	1,475.74	1,803.68	2,131.62	2,459.57	2,951.48
Mordon	883.80	1,031.10	1,178.40	1,325.70	1,620.30	1,914.90	2,209.50	2,651.40
Morton Tinmouth	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Muggleswick	890.99	1,039.49	1,187.99	1,336.49	1,633.49	1,930.49	2,227.48	2,672.98
Murton	982.01	1,145.67	1,309.34	1,473.01	1,800.35	2,127.68	2,455.02	2,946.02
North Lodge	885.16	1,032.69	1,180.21	1,327.74	1,622.79	1,917.85	2,212.90	2,655.48
Ouston	890.40	1,038.80	1,187.20	1,335.60	1,632.40	1,929.20	2,226.00	2,671.20
Ovington	890.17	1,038.54	1,186.90	1,335.26	1,631.98	1,928.71	2,225.43	2,670.52

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	937.30	1,093.52	1,249.73	1,405.95	1,718.38	2,030.82	2,343.25	2,811.90
Peterlee	1,056.67	1,232.79	1,408.90	1,585.01	1,937.23	2,289.46	2,641.68	3,170.02
Pittington*	907.01	1,058.17	1,209.34	1,360.51	1,662.85	1,965.18	2,267.52	2,721.02
Raby with Keverstone	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Rokey, Brignall and Eggleston Abbey	888.47	1,036.55	1,184.63	1,332.71	1,628.87	1,925.03	2,221.18	2,665.42
Romaldkirk	887.36	1,035.25	1,183.15	1,331.04	1,626.83	1,922.61	2,218.40	2,662.08
Sacriston	899.47	1,049.39	1,199.30	1,349.21	1,649.03	1,948.86	2,248.68	2,698.42
Satley	889.19	1,037.39	1,185.59	1,333.79	1,630.19	1,926.59	2,222.98	2,667.58
Scargill	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Seaham	1,010.12	1,178.47	1,346.83	1,515.18	1,851.89	2,188.59	2,525.30	3,030.36
Seaton with Slingley	891.65	1,040.25	1,188.86	1,337.47	1,634.69	1,931.90	2,229.12	2,674.94
Sedgefield	957.33	1,116.88	1,276.44	1,435.99	1,755.10	2,074.21	2,393.32	2,871.98
Shadforth*	888.51	1,036.59	1,184.68	1,332.76	1,628.93	1,925.10	2,221.27	2,665.52
Sherburn*	889.89	1,038.20	1,186.52	1,334.83	1,631.46	1,928.09	2,224.72	2,669.66
Sildon	1,035.78	1,208.41	1,381.04	1,553.67	1,898.93	2,244.19	2,589.45	3,107.34
Shincliffe*	886.65	1,034.42	1,182.20	1,329.97	1,625.52	1,921.07	2,216.62	2,659.94
Shotton	938.21	1,094.58	1,250.95	1,407.32	1,720.06	2,032.80	2,345.53	2,814.64
South Bedburn	878.84	1,025.31	1,171.79	1,318.26	1,611.21	1,904.15	2,197.10	2,636.52
South Hetton	960.13	1,120.15	1,280.17	1,440.19	1,760.23	2,080.27	2,400.32	2,880.38
Spennymoor	1,008.44	1,176.51	1,344.59	1,512.66	1,848.81	2,184.95	2,521.10	3,025.32
Staindrop	893.57	1,042.50	1,191.43	1,340.36	1,638.22	1,936.08	2,233.93	2,680.72
Stainton and Streatlam	889.13	1,037.32	1,185.51	1,333.70	1,630.08	1,926.46	2,222.83	2,667.40
Stanhope	889.01	1,037.18	1,185.35	1,333.52	1,629.86	1,926.20	2,222.53	2,667.04
Stanley Town Council	929.91	1,084.90	1,239.88	1,394.87	1,704.84	2,014.81	2,324.78	2,789.74
Startforth	894.66	1,043.77	1,192.88	1,341.99	1,640.21	1,938.43	2,236.65	2,683.98
Thornley	1,025.49	1,196.41	1,367.32	1,538.24	1,880.07	2,221.90	2,563.73	3,076.48
Tow Law	915.47	1,068.04	1,220.62	1,373.20	1,678.36	1,983.51	2,288.67	2,746.40

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	965.32	1,126.21	1,287.09	1,447.98	1,769.75	2,091.53	2,413.30	2,895.96
Trimdon Foundry	987.21	1,151.75	1,316.28	1,480.82	1,809.89	2,138.96	2,468.03	2,961.64
Urpeth	892.41	1,041.15	1,189.88	1,338.62	1,636.09	1,933.56	2,231.03	2,677.24
Wackerfield	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Waldrige	886.14	1,033.83	1,181.52	1,329.21	1,624.59	1,919.97	2,215.35	2,658.42
West Auckland	893.15	1,042.00	1,190.86	1,339.72	1,637.44	1,935.15	2,232.87	2,679.44
West Rainton and Leamside*	898.80	1,048.60	1,198.40	1,348.20	1,647.80	1,947.40	2,247.00	2,696.40
Wheatley Hill	979.70	1,142.98	1,306.27	1,469.55	1,796.12	2,122.68	2,449.25	2,939.10
Whorlton and Westwick	894.31	1,043.37	1,192.42	1,341.47	1,639.57	1,937.68	2,235.78	2,682.94
Windlestone	887.81	1,035.77	1,183.74	1,331.71	1,627.65	1,923.58	2,219.52	2,663.42
Wingate	961.50	1,121.75	1,282.00	1,442.25	1,762.75	2,083.25	2,403.75	2,884.50
Winston	885.92	1,033.57	1,181.23	1,328.88	1,624.19	1,919.49	2,214.80	2,657.76
Witton Gilbert*	898.54	1,048.30	1,198.05	1,347.81	1,647.32	1,946.84	2,246.35	2,695.62
Witton le Wear	885.27	1,032.82	1,180.36	1,327.91	1,623.00	1,918.09	2,213.18	2,655.82
Wolsingham	890.16	1,038.52	1,186.88	1,335.24	1,631.96	1,928.68	2,225.40	2,670.48
Woodland	883.19	1,030.38	1,177.58	1,324.78	1,619.18	1,913.57	2,207.97	2,649.56
Wycliffe-with-Thorpe	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Unparished Areas	872.26	1,017.64	1,163.01	1,308.39	1,599.14	1,889.90	2,180.65	2,616.78
Unparished Areas in the former City of Durham Area*	873.53	1,019.11	1,164.70	1,310.29	1,601.47	1,892.64	2,183.82	2,620.58
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	1.27	1.48	1.69	1.90	2.32	2.74	3.17	3.80

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, County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner Precepts 2014/15

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Barnard Castle	1,099.14	1,282.33	1,465.52	1,648.71	2,015.09	2,381.47	2,747.85	3,297.42
Barningham	1,046.19	1,220.56	1,394.92	1,569.29	1,918.02	2,266.76	2,615.48	3,138.58
Bearpark*	1,057.73	1,234.02	1,410.30	1,586.59	1,939.16	2,291.74	2,644.32	3,173.18
Belmont*	1,057.95	1,234.28	1,410.59	1,586.92	1,939.56	2,292.22	2,644.87	3,173.84
Bishop Auckland	1,064.23	1,241.61	1,418.97	1,596.35	1,951.09	2,305.84	2,660.58	3,192.70
Bishop Middleham	1,118.27	1,304.65	1,491.02	1,677.40	2,050.15	2,422.91	2,795.67	3,354.80
Bolam	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Bournmoor	1,053.03	1,228.54	1,404.04	1,579.55	1,930.56	2,281.58	2,632.58	3,159.10
Boldron	1,044.57	1,218.66	1,392.75	1,566.85	1,915.04	2,263.23	2,611.42	3,133.70
Bowes	1,054.65	1,230.43	1,406.20	1,581.98	1,933.53	2,285.09	2,636.63	3,163.96
Bradbury	1,055.65	1,231.59	1,407.53	1,583.47	1,935.35	2,287.24	2,639.12	3,166.94
Brancepeth*	1,072.82	1,251.62	1,430.42	1,609.22	1,966.82	2,324.43	2,682.04	3,218.44
Brandon & Byshottles*	1,062.80	1,239.94	1,417.06	1,594.20	1,948.46	2,302.73	2,657.00	3,188.40
Burnhope	1,049.04	1,223.88	1,398.72	1,573.56	1,923.24	2,272.92	2,622.60	3,147.12
Cassop-cum-Quarrington*	1,053.59	1,229.19	1,404.78	1,580.38	1,931.57	2,282.77	2,633.97	3,160.76
Castle Eden	1,057.63	1,233.91	1,410.17	1,586.45	1,938.99	2,291.54	2,644.08	3,172.90
Chilton	1,166.40	1,360.80	1,555.20	1,749.60	2,138.40	2,527.20	2,916.00	3,499.20
Cleatlam	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Cockfield	1,067.32	1,245.21	1,423.09	1,600.98	1,956.75	2,312.53	2,668.30	3,201.96
Cornforth	1,132.07	1,320.76	1,509.43	1,698.11	2,075.46	2,452.83	2,830.18	3,396.22
Cornsay	1,073.19	1,252.06	1,430.92	1,609.79	1,967.52	2,325.26	2,682.98	3,219.58
Cothesstone	1,055.99	1,232.00	1,407.99	1,583.99	1,935.98	2,287.99	2,639.98	3,167.98
Coxhoe*	1,081.98	1,262.32	1,442.64	1,622.97	1,983.62	2,344.29	2,704.95	3,245.94

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	1,063.54	1,240.79	1,418.04	1,595.30	1,949.81	2,304.32	2,658.84	3,190.60
Dalton-le-Dale	1,057.77	1,234.06	1,410.35	1,586.65	1,939.24	2,291.83	2,644.42	3,173.30
Dene Valley	1,051.00	1,226.17	1,401.33	1,576.50	1,926.83	2,277.17	2,627.50	3,153.00
Easington Colliery	1,211.47	1,413.38	1,615.29	1,817.20	2,221.02	2,624.85	3,028.67	3,634.40
Easington Village	1,149.41	1,340.99	1,532.55	1,724.12	2,107.25	2,490.40	2,873.53	3,448.24
Edmondsley	1,063.84	1,241.15	1,418.45	1,595.76	1,950.37	2,304.99	2,659.60	3,191.52
Eggleston	1,062.25	1,239.30	1,416.33	1,593.38	1,947.46	2,301.55	2,655.63	3,186.76
Eldon	1,113.98	1,299.65	1,485.30	1,670.97	2,042.29	2,413.63	2,784.95	3,341.94
Esh	1,077.13	1,256.66	1,436.17	1,615.70	1,974.74	2,333.79	2,692.83	3,231.40
Etherley	1,059.84	1,236.48	1,413.12	1,589.76	1,943.04	2,296.32	2,649.60	3,179.52
Evenwood and Barony	1,058.27	1,234.66	1,411.03	1,587.41	1,940.16	2,292.93	2,645.68	3,174.82
Ferryhill	1,179.69	1,376.30	1,572.91	1,769.53	2,162.76	2,555.99	2,949.22	3,539.06
Fishburn	1,111.56	1,296.82	1,482.08	1,667.34	2,037.86	2,408.38	2,778.90	3,334.68
Forest and Frith	1,041.79	1,215.42	1,389.05	1,562.68	1,909.94	2,257.21	2,604.47	3,125.36
Framwellgate Moor*	1,058.00	1,234.34	1,410.66	1,587.00	1,939.66	2,292.33	2,645.00	3,174.00
Gainford and Langton	1,091.56	1,273.49	1,455.41	1,637.34	2,001.19	2,365.05	2,728.90	3,274.68
Gilmonby	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Great Aycliffe	1,179.53	1,376.13	1,572.71	1,769.30	2,162.47	2,555.66	2,948.83	3,538.60
Great Lumley	1,051.95	1,227.28	1,402.60	1,577.93	1,928.58	2,279.24	2,629.88	3,155.86
Greater Willington	1,071.17	1,249.71	1,428.23	1,606.76	1,963.81	2,320.88	2,677.93	3,213.52
Greencroft	1,065.54	1,243.13	1,420.72	1,598.31	1,953.49	2,308.67	2,663.85	3,196.62
Hamsterley	1,051.22	1,226.43	1,401.62	1,576.83	1,927.23	2,277.65	2,628.05	3,153.66
Haswell	1,134.41	1,323.49	1,512.55	1,701.62	2,079.75	2,457.90	2,836.03	3,403.24
Hawthorn	1,063.08	1,240.26	1,417.44	1,594.62	1,948.98	2,303.34	2,657.70	3,189.24
Headlam	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Healeyfield	1,051.57	1,226.84	1,402.09	1,577.36	1,927.88	2,278.41	2,628.93	3,154.72
Hedleyhope	1,075.47	1,254.72	1,433.96	1,613.21	1,971.70	2,330.20	2,688.68	3,226.42
Hilton	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Hope	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Horden	1,197.94	1,397.60	1,597.25	1,796.91	2,196.22	2,595.54	2,994.85	3,593.82
Hunderthwaite	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Hutton Henry	1,105.55	1,289.81	1,474.06	1,658.32	2,026.83	2,395.35	2,763.87	3,316.64
Hutton Magna	1,046.85	1,221.32	1,395.79	1,570.27	1,919.22	2,268.17	2,617.12	3,140.54
Ingleton	1,056.68	1,232.80	1,408.90	1,585.02	1,937.24	2,289.48	2,641.70	3,170.04
Kelloe*	1,061.49	1,238.41	1,415.31	1,592.23	1,946.05	2,299.89	2,653.72	3,184.46
Kimbleworth and Plawsworth	1,054.21	1,229.91	1,405.61	1,581.31	1,932.71	2,284.12	2,635.52	3,162.62
Lanchester	1,064.47	1,241.88	1,419.29	1,596.70	1,951.52	2,306.35	2,661.17	3,193.40
Langleydale	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Lartington	1,053.46	1,229.04	1,404.61	1,580.19	1,931.34	2,282.50	2,633.65	3,160.38
Little Lumley	1,047.71	1,222.33	1,396.94	1,571.56	1,920.79	2,270.03	2,619.27	3,143.12
Lunedale	1,043.25	1,217.12	1,390.99	1,564.87	1,912.62	2,260.37	2,608.12	3,129.74
Lynesack and Softley	1,054.29	1,230.00	1,405.71	1,581.43	1,932.86	2,284.29	2,635.72	3,162.86
Marwood	1,046.75	1,221.22	1,395.67	1,570.13	1,919.04	2,267.97	2,616.88	3,140.26
Mickleton	1,055.59	1,231.52	1,407.45	1,583.38	1,935.24	2,287.11	2,638.97	3,166.76
Middleton-in-Teesdale and Newbiggin-in-Teesdale	1,057.57	1,233.84	1,410.09	1,586.36	1,938.88	2,291.41	2,643.93	3,172.72
Middridge	1,075.35	1,254.58	1,433.80	1,613.03	1,971.48	2,329.94	2,688.38	3,226.06
Monk Hesleden	1,151.65	1,343.59	1,535.53	1,727.47	2,111.35	2,495.24	2,879.12	3,454.94
Mordon	1,051.62	1,226.89	1,402.16	1,577.43	1,927.97	2,278.51	2,629.05	3,154.86
Morton Tinmouth	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Muggleswick	1,058.81	1,235.29	1,411.75	1,588.22	1,941.15	2,294.10	2,647.03	3,176.44
Murton	1,149.83	1,341.47	1,533.10	1,724.74	2,108.01	2,491.29	2,874.57	3,449.48
North Lodge	1,052.98	1,228.48	1,403.97	1,579.47	1,930.46	2,281.46	2,632.45	3,158.94
Ouston	1,058.22	1,234.59	1,410.96	1,587.33	1,940.07	2,292.81	2,645.55	3,174.66
Ovington	1,057.99	1,234.33	1,410.65	1,586.99	1,939.65	2,292.32	2,644.98	3,173.98

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	1,105.12	1,289.31	1,473.49	1,657.68	2,026.05	2,394.43	2,762.80	3,315.36
Peterlee	1,224.49	1,428.58	1,632.65	1,836.74	2,244.90	2,653.07	3,061.23	3,673.48
Pittington*	1,074.83	1,253.97	1,433.10	1,612.24	1,970.51	2,328.79	2,687.07	3,224.48
Raby with Keverstone	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Rokeby, Brignall and Eggleston Abbey	1,056.29	1,232.35	1,408.39	1,584.44	1,936.53	2,288.64	2,640.73	3,168.88
Romaldkirk	1,055.18	1,231.05	1,406.90	1,582.77	1,934.49	2,286.23	2,637.95	3,165.54
Sacriston	1,067.29	1,245.18	1,423.05	1,600.94	1,956.70	2,312.47	2,668.23	3,201.88
Satley	1,057.01	1,233.19	1,409.35	1,585.52	1,937.85	2,290.20	2,642.53	3,171.04
Scargill	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Seaham	1,177.94	1,374.27	1,570.58	1,766.91	2,159.55	2,552.21	2,944.85	3,533.82
Seaton with Slingley	1,059.47	1,236.05	1,412.62	1,589.20	1,942.35	2,295.51	2,648.67	3,178.40
Sedgefield	1,125.15	1,312.67	1,500.19	1,687.72	2,062.77	2,437.82	2,812.87	3,375.44
Shadforth*	1,056.33	1,232.39	1,408.43	1,584.49	1,936.59	2,288.71	2,640.82	3,168.98
Sherburn*	1,057.71	1,234.00	1,410.27	1,586.56	1,939.12	2,291.70	2,644.27	3,173.12
Shildon	1,203.60	1,404.20	1,604.80	1,805.40	2,206.60	2,607.80	3,009.00	3,610.80
Shincliffe*	1,054.47	1,230.22	1,405.95	1,581.70	1,933.18	2,284.68	2,636.17	3,163.40
Shotton	1,106.03	1,290.38	1,474.71	1,659.05	2,027.72	2,396.41	2,765.08	3,318.10
South Bedburn	1,046.66	1,221.11	1,395.54	1,569.99	1,918.87	2,267.77	2,616.65	3,139.98
South Hetton	1,127.95	1,315.94	1,503.93	1,691.92	2,067.90	2,443.89	2,819.87	3,383.84
Spennymoor	1,176.26	1,372.31	1,568.34	1,764.39	2,156.47	2,548.57	2,940.65	3,528.78
Staindrop	1,061.39	1,238.30	1,415.19	1,592.09	1,945.88	2,299.69	2,653.48	3,184.18
Stainton and Streatlam	1,056.95	1,233.12	1,409.27	1,585.43	1,937.74	2,290.07	2,642.38	3,170.86
Stanhope	1,056.83	1,232.98	1,409.11	1,585.25	1,937.52	2,289.81	2,642.08	3,170.50
Stanley Town Council	1,097.73	1,280.69	1,463.64	1,646.60	2,012.51	2,378.43	2,744.33	3,293.20
Startforth	1,062.48	1,239.56	1,416.64	1,593.72	1,947.88	2,302.04	2,656.20	3,187.44
Thornley	1,193.31	1,392.20	1,591.08	1,789.97	2,187.74	2,585.52	2,983.28	3,579.94
Tow Law	1,083.29	1,263.84	1,444.38	1,624.93	1,986.02	2,347.12	2,708.22	3,249.86

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	1,133.14	1,322.00	1,510.85	1,699.71	2,077.42	2,455.14	2,832.85	3,399.42
Trimdon Foundry	1,155.03	1,347.54	1,540.04	1,732.55	2,117.56	2,502.58	2,887.58	3,465.10
Urpeth	1,060.23	1,236.94	1,413.64	1,590.35	1,943.76	2,297.18	2,650.58	3,180.70
Wackerfield	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Waldridge	1,053.96	1,229.62	1,405.28	1,580.94	1,932.26	2,283.58	2,634.90	3,161.88
West Auckland	1,060.97	1,237.80	1,414.62	1,591.45	1,945.10	2,298.76	2,652.42	3,182.90
West Rainton and Leamside*	1,066.62	1,244.40	1,422.16	1,599.93	1,955.46	2,311.01	2,666.55	3,199.86
Wheatley Hill	1,147.52	1,338.78	1,530.02	1,721.28	2,103.78	2,486.30	2,868.80	3,442.56
Whorlton and Westwick	1,062.13	1,239.16	1,416.17	1,593.20	1,947.24	2,301.29	2,655.33	3,186.40
Windlestone	1,055.63	1,231.57	1,407.50	1,583.44	1,935.31	2,287.19	2,639.07	3,166.88
Wingate	1,129.32	1,317.54	1,505.76	1,693.98	2,070.42	2,446.86	2,823.30	3,387.96
Winston	1,053.74	1,229.37	1,404.98	1,580.61	1,931.85	2,283.11	2,634.35	3,161.22
Witton Gilbert*	1,066.36	1,244.09	1,421.81	1,599.54	1,954.99	2,310.45	2,665.90	3,199.08
Witton le Wear	1,053.09	1,228.61	1,404.12	1,579.64	1,930.67	2,281.71	2,632.73	3,159.28
Wolsingham	1,057.98	1,234.31	1,410.64	1,586.97	1,939.63	2,292.29	2,644.95	3,173.94
Woodland	1,051.01	1,226.18	1,401.34	1,576.51	1,926.84	2,277.18	2,627.52	3,153.02
Wycliffe-with-Thorpe	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Unparished Areas	1,040.08	1,213.43	1,386.77	1,560.12	1,906.81	2,253.51	2,600.20	3,120.24
Unparished Areas in the former City of Durham Area*	1,041.35	1,214.91	1,388.46	1,562.02	1,909.13	2,256.25	2,603.37	3,124.04
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	1.27	1.48	1.69	1.90	2.32	2.74	3.17	3.80

County Council

26 February 2014

**Housing Revenue Account Medium Term
Financial Plan 2014/15 to 2016/17 and
2014/15 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 of 12 February 2014 in respect of the Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2014/15 to 2016/17 and the 2014/15 budget.

Executive Summary

2. The HRA provides the income and expenditure associated with the management and maintenance of the Council's housing stock of 18,500 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 housing finance system that was established 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 2014/15, and a three-year MTFP are considered in this report.
4. The headline implications for 2014/15 are summarised below:
 - Dwelling rents for 2014/15 to increase in accordance with Government guidelines which results in an overall average increase of 4.62%;
 - Average rent per week to increase from £65.67 per week to £68.70 per week – an increase of £3.03 per week on average (on a 52 week basis);
 - Increases in garage rents to be linked to September 2013 RPI of 3.2% and the proposed charges per week for 2014/15 (on a 52 week basis) are £8.52 (for private tenants where we need to charge VAT) and £7.10 (for council tenants who are exempt from VAT);
 - A substantial capital investment programme of £50m in 2014/15.

Background

5. The HRA is a 'ring fenced' landlord account through which the Council manages and maintains 18,500 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 Housing Strategy for Durham reflecting the '*Altogether Better Durham*' Vision of the Sustainable Community Strategy 2010-30 which the Council published in April 2010 and will be refreshed in April 2013.
7. The Council's 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 3 Year Housing Revenue Account (HRA) MTFP;
 - Capital Programme;
 - 2014/15 Detailed HRA Budget;
 - Treasury Management Position on loans and investments;
 - HRA Reserves.

Large Scale Voluntary Transfer Stock Option

9. Cabinet at its meeting on 12 December 2012 considered a detailed report on the outcome of the housing stock option appraisal project, which included a review of the options for the future ownership, financing and management of the council's housing stock. Extensive consultation and partnership working with all key stakeholder groups during the option appraisal process had identified that the preferred option is a transfer of the housing stock out of the Council and into to a new registered social housing provider with a group structure based on the council's existing housing management organisational boundaries.
10. A further report to Cabinet on 30 October 2013 provided an update on progress with the stock transfer proposal including developments on

Government policy on stock transfer and the provision of funding for housing revenue account debt write off. Also included in the report were the benefits and the financial implications on the General Fund should stock transfer be successful. An application was submitted to the Homes and Communities Agency (HCA) on 29 November 2013 and the Council is awaiting the outcome of the decision by Government which is expected by March 2014.

11. Throughout the appraisal process, the Council has also worked with key stakeholder groups to identify an alternative option for the housing stock, should the transfer proposal be rejected by the Government, or by council house tenants through a ballot process. Stakeholders have selected the establishment of a single ALMO as the alternative option with area based arrangements to allow housing services to continue to operate as a business at arms length from the authority, achieve further efficiency savings through reductions in overheads and the joining up of services, and simplify housing management arrangements.
12. The HRA MTFP contained in this report is based on a stock retention scenario.

Three Year HRA MTFP (2014/15 to 2016/17)

13. The following broad assumptions have been used in the HRA MTFP. Appendix 2 provides more details on the assumptions used:
 - Rent increases to follow national rent policy, with increases linked to the retail price index (RPI) as at September 2013 (3.2%) plus 0.5% and rent convergence by 2015/16;
 - Opening Debt of £239m;
 - Interest rate on debt assumed as 5.25%;
 - Inflationary increase of 2.5% year on year for Housing Management expenditure and 3.5% year on year for Repairs expenditure;
 - Void property levels at 2% on average which is an increase of 0.5% in the current HRA MTFP and reflects increasing void rates across the housing stock;
 - Assumed bad debts provision for non payment of rent at 1.5% of gross rent due to the unknown and potential impact of Government Welfare Reforms;
 - A further £0.5m saving (2015/16) in management costs based on retention of housing stock under a single ALMO model should the large scale voluntary transfer (LSVT) not proceed;
 - Known adjustments to stock such as planned demolitions, new build properties and estimates of annual right to buy sales of 100 properties per year;
 - Minimum level of HRA reserves of £7m.
14. Building in the above assumptions the HRA MTFP shows:
 - A balanced revenue budget over the full HRA MTFP period;

- Housing debt of £245m at the end of HRA MTFP period;
 - HRA reserves being maintained at least £7m;
 - A balanced Capital programme over the HRA MTFP period.
15. Appendix 3 provides forecasts for the three year Medium Term Financial Plan period 2014/15 to 2016/17 which have been taken directly from the 30 year HRA Business Plan. During this period, a rental stream of some £202m will be available to the Council to meet its management, repairs, investment and debt costs.

Capital Programme

16. 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.
17. 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.
18. Stock investment requirements form a central part of the HRA capital spending requirement and these have been derived from information from a stock condition survey finalised in 2012 to identify the spending needs of the housing stock over a 30 year period.
19. The key focus for the Council is the medium term horizon and the next three years. The Council's projections show a balanced revenue budget with revenue support to the capital programme of £77m (comprising of major repairs reserve and revenue contributions). After taking into account other sources of funding, the total estimated resources are £107m as shown in the following table:

Investment Resources available to support the Capital Programme

Investment Resources	Year 1 2014/15 £'000	Year 2 2015/16 £'000	Year 3 2016/17 £'000	Total £'000
Major Repairs Reserve	7,872	8,029	8,188	24,089
Revenue Contribution	16,717	17,638	18,186	52,541
Capital Receipts	1,547	1,542	1,541	4,630
Backlog Funding Grant	19,286	0	0	19,286
Borrowing	4,578	1,791	85	6,454
Total Resources available	50,000	29,000	28,000	107,000
Current HRA Programme (a)	50,489	27,395	28,492	106,376

- (a) The current programme for 2014/15 includes re-profiling of schemes of £0.489m from 2013/14. Due to savings being experienced in the current programme it is anticipated that this re-profiling can be accommodated within the core £50m programme in 2014/15 and is therefore not required. Furthermore over the two financial years 2015/16 and 2016/17, additional resources of £1.113m are available to support the programme and therefore the budget can be increased to £29m in 2015/16 and £28m in 2016/17.
20. It should be noted that Decent Homes Backlog Funding Grant of £19.286m has been confirmed for 2014/15 and is reflected in the resources available to finance the programme.
21. The Council and its partners have been developing an 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.
22. A detailed two year capital programme covering the three geographical areas was approved as part of the 2013/14 budget setting process and a target of £50m was set for 2014/15. It is proposed to maintain a programme of £50m which is a significant level of investment in our housing stock.
23. The Chancellor's Autumn Statement published on 5 December 2013 included proposals to extend the Housing Revenue Account borrowing cap by £300m. The funding would be to support new housing and placed under the strategic influence of local enterprise partnerships. Councils will have to bid competitively for a share of the £300m and the Treasury has indicated it also wants successful bidders to sell off vacant high value housing stock. This is a relatively minor adjustment to HRA borrowing limits and local authorities have been arguing for the borrowing cap to be scrapped altogether.
24. The Autumn Statement also contained proposals to promote the Right to Buy Scheme and the Government has stated that it will be introducing Right to Buy Agents to help buyers complete their home purchase, and provide £100 million to establish a fund to increase Right to Buy sales, by improving applicants' access to mortgage finance. This could result in an increase in right to buy sales and the impact on the Business Plan will therefore be closely monitored.

2014/15 Detailed HRA Budget

25. The following paragraphs provide more details on the 2014/15 budget which is shown in Appendix 4. Assumptions used are shown in Appendix 2 and the significant items of expenditure and income are as follows:
- Dwelling Rent Income
 - Other Rental Income
 - Housing Management Costs
 - Interest Payments
 - Depreciation

HRA Income

Dwelling Rent Income

26. The main source of income for the HRA is rental income from dwellings paid to the Council by tenants. Local authority rents are determined 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'.
27. 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 3.7% and consists of the RPI as at September 2013 of 3.2% and a real increase of 0.5%.
28. Applying the Government's guidelines results in an overall average increase of 4.62% for Durham which yields an average rent of £68.70 per week in 2014/15 (based on 52 weeks). The following table shows the impact on the average rent levels across the three management areas:

Average Rents (based on 52 weeks)

	Durham City		Easington		Wear Valley		Total	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£	£	£	£	£	£	£	£
Average Rent	68.03	71.25	63.56	66.44	66.51	69.57	65.67	68.70
Maximum Rent	97.84	103.07	81.35	84.43	91.18	94.56	97.84	103.07
Minimum Rent	48.63	51.54	49.54	51.52	28.75	30.51	28.75	30.51

Average Changes in Rent 2013-14 and 2014-15

	Durham City		Easington		Wear Valley		Total	
	%	£	%	£	%	£	%	£
Average Increase	4.73	3.22	4.53	2.88	4.61	3.07	4.62	3.03

29. Recent policy statements from the Government indicate that 2014/15 will be the last year of rent convergence, which is a year earlier than previously planned. In future, this means there will be no rent convergence factor (of up to +£2) and rents will simply be uplifted by CPI + 1%.

30. Around 70% (approximately 13,000) of Council House tenants are in receipt of housing benefit which helps meet the cost of their rental payments due to the Council.

Other Rental Income

31. The HRA includes responsibility for managing and maintaining around 2,700 garages which generate income to the account. For 2014/15 it is proposed that increases in garage rents are linked to the RPI as at September 2013 of 3.2%. Private tenants are required to pay VAT on garage rents, whilst Council tenants are excluded from the VAT charge. The proposed weekly charges for 2014/15 (based on 52 weeks) are £7.10 (for council tenants who are exempt from VAT) and £8.52 (for private tenants where we need to charge VAT).
32. 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 2014/15 will be considered in light of prevailing market rates. The total budgeted income for 2014/15 is £121,000.
33. 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.
34. It is recommended that changes to existing service charges proposed by the three service providers be approved subject to the agreement of the Head of Economic Development and Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance as provided for under delegated powers in the Council's constitution.

HRA Expenditure

Housing Management Costs

35. 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 the 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.
36. 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.

37. 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. Under a stock retention scenario based on a single ALMO model, a £500k saving requirement has been built into the HRA Business Plan, reflecting efficiencies from combining three separate housing providers into a single organisation, releasing additional investment for the capital programme.
38. The implications for management fees in 2014/15 for our three housing management providers, allowing for an inflation increase of 2% are as follows:

	<u>2013/14</u>	<u>2014/15</u>	<u>Cost per Unit</u>
Durham City Homes	£7,133,000	£7,276,000	£1,225
Dale and Valley Homes	£5,406,000	£5,514,000	£1,297
East Durham Homes	£11,063,000	£11,285,000	£1,360

39. The Council will closely monitor the financial position of the three providers during the course of 2014/15 as this could be the final year of operation under the existing housing management arrangements. The 2014/15 delivery plans and budgets of the housing providers will be agreed by the Council including use of all reserves held. In the event of a stock transfer in 2015, all reserves will revert to the Council at the point of transfer.

Interest Payments

40. This reflects the cost of borrowing to support the Housing Capital Programme. In 2014/15 starting debt has been estimated as £239m plus further net borrowing of £4m during the year taking the estimated closing debt at 31 March 2015 to £243m. The interest payments of £13m reflect an overall average rate of interest of 5.25%.

Depreciation

41. Depreciation costs effectively represent resources available to support the capital programme to maintain our housing asset.

Treasury Management

42. The Council is responsible for servicing and managing its own HRA debt from the rental income it is now able to retain locally.
43. When implementing self financing for the HRA in 2012/13, Council Officers applied CIPFA guidance to splitting debt between the General Fund (GF) and HRA using the 'two pool' approach which ensures that HRA debt is managed as a separate loan portfolio, although all debt whether HRA or GF still remains the debt of the authority. The following table shows the maturity profile of the existing HRA loan portfolio as at 31 March 2014.

Loan Portfolio and Maturity Profile of Debt

Existing Loan Portfolio				Maturity Profile				
PWLB Loans £m	Opening Balance 31/3/2013	Repayments	Closing Balance 31/3/2014*	Within 1 year 31/3/2015	2 Years 31/3/2016	3 to 5 Years 31/3/2019	6 to 10 Years 31/3/2024	10 Years +
Annuity	3.790	(0.973)	2.817	0.757	0.221	0.241	0.413	1.186
Maturity	228.381	(2.000)	226.381	16.703	0	18.052	29.301	162.325
Total	232.171	(2.973)	229.198	17.460	0.221	18.293	29.714	163.511

* excludes new borrowing in 2013/14

44. Before March 2014 there will be a borrowing need to replace the £2.97m of loans maturing during this year but also an additional £6.4m will be required to finance the current year (2013/14) capital programme – leaving a projected revised year end balance of £239m.
45. 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 HRA CFR 31/3/14	238,584
Net Borrowing to be undertaken in 2014/15	4,578
Estimated Closing HRA CFR 31/3/15	243,162
Housing Debt Cap	245,747

HRA Reserves

46. HRA reserves are forecast to reach around £7m by 31st March 2014 equivalent to approximately £379 per dwelling. Interest is receivable on HRA cash balances and £105,000 has been assumed for 2014/15.
47. The significant changes arising from the reform of Council housing finance including the transfer of some risks to the Council (such as interest payments on debt and fluctuations in interest rates) mean that an adequate level of reserves needs to be maintained. 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 and Reasons

48. It is recommended that County Council agrees: -
- The three year HRA Medium Term Financial Plan for 2014/15 – 2016/17 (Appendix 3);
 - To set dwelling rents for 2014/15 in accordance with Government guidelines which result in an overall average increase of 4.62%;
 - To increase garage rents in line with RPI as at September 2013 of 3.2%;

- That approval of service charges proposed by the three service providers be delegated to the Head of Economic Development and Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance;
- A HRA capital programme of £50m in 2014/15, £29m in 2015/16 and £28m in 2016/17;
- To authorise the Corporate Director - Resources to make appropriate arrangements on borrowing to finance the capital programme;
- To agree ALMO/INMO management fee levels as follows;
 - Durham City Homes £7,276,000
 - Dale and Valley Homes £5,514,000
 - East Durham Homes £11,285,000

Contact: Azhar Rafiq - Finance Manager Tel: 03000 263 480
John Hughes - Principal Accountant Tel: 03000 263 486

Appendix 1: Implications

Finance – The financial implications have been identified throughout the report. The report sets out the HRA MTFP 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 2014/15.

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

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

Equality and Diversity / Public Sector Equality Duty – The EIA records that tenants affected by rent increases will include people from across the protected characteristics but financial concerns or hardship may be more likely in relation to gender, age and disability. Mitigations: the increase is within Government guidelines and around 70% of tenants receive housing benefit, and access to discretionary housing payments.

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 – 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. 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>2014-15</td> <td>18,490</td> <td>-100</td> <td>-</td> <td>-</td> <td>-</td> <td>18,390</td> <td>18,440</td> </tr> <tr> <td>2015-16</td> <td>18,390</td> <td>-100</td> <td>-</td> <td>-</td> <td>-</td> <td>18,290</td> <td>18,340</td> </tr> <tr> <td>2016-17</td> <td>18,290</td> <td>-100</td> <td>-</td> <td>-</td> <td>-</td> <td>18,190</td> <td>18,240</td> </tr> </tbody> </table> Right to Buy sales of 100 units for years 1 to 3. The previous business plan assumed sales of 44 units per year. 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>2014-15</td> <td>5,941</td> <td>8,298</td> <td>4,251</td> <td>18,490</td> </tr> <tr> <td>2015-16</td> <td>5,891</td> <td>8,260</td> <td>4,239</td> <td>18,390</td> </tr> <tr> <td>2016-17</td> <td>5,841</td> <td>8,222</td> <td>4,227</td> <td>18,290</td> </tr> </tbody> </table> 	Year	Opening Stock	RTB	Demolitions	Other	New Build	Closing Stock	Average Stock	2014-15	18,490	-100	-	-	-	18,390	18,440	2015-16	18,390	-100	-	-	-	18,290	18,340	2016-17	18,290	-100	-	-	-	18,190	18,240	Year	Durham City	Easington	Wear Valley	Total	2014-15	5,941	8,298	4,251	18,490	2015-16	5,891	8,260	4,239	18,390	2016-17	5,841	8,222	4,227	18,290
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Rent Increases	<ul style="list-style-type: none"> Rent increases assumed as follows: <ul style="list-style-type: none"> 2014-15: 3.2% inflation + 0.5% - increase of 3.7% + rent restructuring 2015-16: 2.5% inflation + 0.5% - increase of 3.0% 2016-17: 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 2% and calculated as a percentage of gross rental income. 																																																				
Other Income - Garage Income	<ul style="list-style-type: none"> Increases in garage rents have been directly linked to the September 2013 RPI of 3.2%. 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>2014 -15</td> <td>700</td> <td>422</td> <td>1,325</td> </tr> <tr> <td>2015 -16</td> <td>665</td> <td>401</td> <td>1,259</td> </tr> <tr> <td>2016 -17</td> <td>632</td> <td>381</td> <td>1,196</td> </tr> </tbody> </table> 	Estimated occupied no. of garages	Durham City	Wear Valley	Easington	2014 -15	700	422	1,325	2015 -16	665	401	1,259	2016 -17	632	381	1,196																																				
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Other Income - Shops	<ul style="list-style-type: none"> There are a small number of shops and other premises accounted for in the HRA generating rental income which has been estimated at £121,000 in year 1. 																																																				
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 £0.5m have been built in to the plan in 2015/16, based on the retention of 																																																				

Item	Assumptions
	<p>the housing stock under a single ALMO.</p> <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.
Bad Debts	<ul style="list-style-type: none"> For the MTFP a prudent assumption is proposed of 1.5% of gross rental income for years 1 to 2 and then 1% thereafter. This is to reflect the 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 with inflationary uplift of 3.5% year on year.
Interest Paid	<ul style="list-style-type: none"> A starting debt of £239m has been assumed. For the 3 years of the MTFP an interest rate of 5.25% has been used.
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 £246m.
Interest Received	<ul style="list-style-type: none"> Represents interest earned on all HRA balances and accounts.
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 £379 per dwelling.

Appendix 3: Three Year HRA Medium Term Financial Plan

2013/14 Memo Budget Information	Year £'000	2014/15 Year 1	2015/16 Year 2	2016/17 Year 3	Total All 3 Years
	INCOME:				
64,602	Rental Income	65,876	67,479	69,124	202,479
-969	Void Losses	-1,318	-1,350	-1,382	-4,050
1,075	Non-Dwelling Income	1,024	1,004	985	3,013
64,708	Total Income	65,582	67,133	68,727	201,442
	EXPENDITURE:				
-12,718	General Management	-12,294	-12,104	-12,420	-36,818
-497	Special Management	-494	-508	-520	-1,522
-1,797	Other Management	-1,897	-1,944	-1,994	-5,835
-969	Bad Debt Provision	-988	-1,012	-1,037	-3,037
-12,123	Responsive & Cyclical Repairs	-12,623	-13,065	-13,522	-39,210
-28,104	Total Revenue Expenditure	-28,296	-28,633	-29,493	-86,422
-12,447	Interest Paid	-12,646	-12,813	-12,862	-38,321
-194	Debt Management	-156	-161	-176	-493
104	Interest Received	105	140	178	423
-16,306	Depreciation	-7,872	-8,028	-8,188	-24,088
7,761	Net Operating Income	16,717	17,638	18,186	52,541
	APPROPRIATIONS:				
0	Borrowing Repayment	0	0	0	
-7,761	Revenue Contribution to Capital	-16,717	-17,638	-18,186	-52,541
-7,761	Total Appropriations	-16,737	-17,638	-18,186	-52,541
0	ANNUAL CASHFLOW	0	0	0	0
7000	Opening Balance	7,000	7,000	7,000	n/a
7,000	Closing Balance	7,000	7,000	7,000	n/a

Appendix 4: HRA 2014/15 – Analysis of Budget by Area

	Easington 2014/15	Wear Valley 2014/15	Durham City 2014/15	General 2014/15	Total 2014/15
	£000	£000	£000	£000	£000
Income					
Dwelling Rents					
- Gross Rents	(28,603)	(15,357)	(21,916)	0	(65,876)
- Voids	572	307	439	0	1,318
	(28,031)	(15,050)	(21,477)	0	(64,558)
Non Dwelling Rents					
- Garages [net of voids]	(489)	(156)	(258)	0	(903)
- Shops/Other	(92)	(11)	(18)	0	(121)
Charges for Services & Facilities - Repairs & Maintenance			(20)	0	(20)
Charges for Services & Facilities - S & M - General	0	0	(334)	0	(334)
Charges for Services & Facilities - S & M - Special	0		(20)	0	(20)
Total Income	(28,612)	(15,217)	(22,127)	0	(65,956)
Expenditure					
ALMO Management Fee (1)	11,285	5,514	0	0	16,799
Repairs & Maintenance	15	0	4,446	0	4,461
Supervision & Management - General	0	0	2,806	1,224	4,030
Supervision & Management - Special	64	33	398	0	495
Rents, Rates, Taxes & Other Charges	0	0	0	410	410
Depreciation & Impairment of Fixed Assets	0	0	0	7,872	7,872
Debt Management Costs	0	0	0	175	175
Bad Debt Provision and Debts Written Off	429	230	329	0	988
Total Expenditure	11,793	5,777	7,979	9,681	35,230
Net cost of HRA services per I&E Account	(16,819)	(9,440)	(14,148)	9,681	(30,726)
Share of Corporate & Democratic Core	0	0	0	1,085	1,085
Share of Other Costs not allocated to services	239	52	111	0	402
Net cost of HRA Services	(16,580)	(9,388)	(14,037)	10,766	(29,239)
Interest Payable & Similar Charges	0	0	0	12,646	12,646
Premium/Discounts	0	0	0	(19)	(19)
Direct Revenue Financing	0	0	0	16,717	16,717
Interest & Investment Income	0	0	0	(105)	(105)
[Surplus] / Deficit for the year on HRA services	(16,580)	(9,388)	(14,037)	40,005	0
HRA Reserves	0	0	0	7,000	7,000

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

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County Council

26 February 2014



**Review of the Members' Allowances
Scheme for 2014/15 – Recommendations
of the Independent Remuneration Panel**

**Report of Colette Longbottom, Head of Legal and Democratic
Services**

Purpose of the Report

1. To request that Council agree Members Allowance Scheme for 2014/15.

Background

2. Under The Local Authorities (Member's Allowances) (England) Regulations 2003 ("The Regulations"), the Council must make a Scheme of Allowances for Members each year which provides for the payment of an allowance to each Member of the Council. This is referred to as "the basic allowance".
3. The scheme may also provide for special responsibility allowances to be paid to such Members of the authority as are specified in the scheme and fit within one or more of the categories set out in the Regulations.
4. The Regulations also provide that before the beginning of each financial year, the authority shall review the Scheme and before it confirms or amends the Scheme, it shall have regard to the recommendations made by the Independent Remuneration Panel ("the Panel"). The Scheme may be amended at any time during the financial year.

Independent Remuneration Panel

5. The Panel met on 5 February 2014 and considered the existing Scheme. The report of the Panel appears at Appendix 2. This meeting took place later than had been initially envisaged, and because of this, it has not been possible to share the recommendations of the Panel with Members of the Constitution Working Group. The timetable for next year has been amended to allow enough time for the Panel's report to be considered by the Constitutional Working Group before Full Council.
6. Before making a decision, Council may therefore wish to have the opportunity to allow the recommendations to be considered by the Constitution Working Group first, and in the meantime re-endorse the current Scheme of Allowances in the same terms as the current Members Allowance Scheme.

Recommendations and reasons

7. Council is recommended to make a scheme in the same terms as the scheme which operated for 2013/14 pending consideration of the report of the panel in Constitution Working Group.

Background papers

8. Report of the Head of Legal and Democratic Services to the Panel on 5 February 2014 (copy available in the Members' Library).
9. The current Members' Allowance Scheme which can be accessed via the following link to the Constitution of the Council (pages 355 – 392).

http://content.durham.gov.uk/PDFRepository/Constitution2013_Jan14_revision.pdf

Contact: Colette Longbottom Tel: 03000 269 732

Appendix 1: Implications

Finance – none specific in this report.

Staffing - none specific in this report

Risk - none specific in this report

Equality and Diversity - none specific in this report

Accommodation - none specific in this report

Crime and Disorder - none specific in this report

Human Rights - none specific in this report

Consultation - none specific in this report

Procurement - none specific in this report

Disability Discrimination Act - none specific in this report

Legal Implications - within the body of the report

County Council

26 February 2014

Report of the Independent Remuneration Panel – Review of Members Allowance Scheme 2014-15



Report of Colette Longbottom, Head of Legal and Democratic Services

Purpose of the Report

- 1 To advise the Council of the review by the Independent Remuneration Panel of the Members Allowances Scheme for 2014/15.

Background

- 2 On 5 February 2014, the following Members of the Panel met to review the Members Allowance Scheme for 2014/15:-

Gill Stephenson
John Cuthbert
John Hitchman
Kate Welch

- 3 The Panel was advised that Members had been invited to submit representations both in writing and in person to the Panel. Two responses had been received.
- 4 One was from a Member who compared the basic allowance with the rate of pay for the lowest paid employees in the Council. This Member was of the view that the current allowances do not reflect the unsociable hours Councillors work, nor the impact of that work on their families. The Member providing this view also stated that it would be inappropriate to receive an increase in allowances whilst the Council is needing to make "drastic cuts and Officers of the Council are not receiving an increase in salary."
- 5 The Panel was also advised that one Member had made enquiries as to whether the allowances would provide for the financial loss incurred by employers, and had been advised that this was not a provision that the Regulations allowed.
- 6 The Panel was advised of relevant developments during the last year, including the 1% salary increase awarded to staff on JNC pay scales, and of

the impact on employees from the implementation of Job Evaluation with effect from 1 October 2012.

- 7 The report before the Panel also referred to the allowance to cover expenses of office for the Chairman and Vice-Chairman under the 1972 Local Government Act, and of how there was to be a proposal to Council to change the treatment of those allowances so that they were no longer paid in quarterly lump sums, but used instead to defray “out-of-pocket” expenses as they arise.
- 8 An update was provided to the Panel in relation to the formation of a Combined Authority with the seven north east councils including Durham. The Panel was advised that the authority was to be formed with statutory effect from 1 April 2014, but that final information about committees was still being formulated. It was understood that the Order creating the combined authority would not include provision of payment of allowances by that authority.

Allowance Scheme Generally

- 9 Members considered the Members Allowance Scheme in two stages:-

- (i) **Whether mileage rates should be reconsidered.**

At last year’s meeting of the Panel, it considered whether there should be parity between Members and Officers. It had noted the differences in treatment, but, on balance had formed the view that for that year, the arrangement should remain in place. Having further considered this position, the Panel was now of the view that the Members mileage should be the same as for employees, and was concerned that there was an underlying lack of logic in having separate treatment for the two groups.

It was understood by the Panel that the current mileage rate of 48p per mile for JNC employees had been negotiated as part of the Job Evaluation Scheme, and if changes were to be made for the start of the next financial year, then parity could be produced by changing the Members Allowance Car Mileage Scheme.

It is therefore a recommendation of the Panel that Members’ mileage allowance should be paid at 48p per mile irrespective of the engine size of the car, and should employee rates change in the future, Members rates should also change to the same rate at the same time.

- (ii) **The Allowance Scheme**

The Panel considered the Members Allowance Scheme in general and whether it should recommend changes.

In considering this, the Panel was made aware of arrangements in other councils. There was no consistent pattern where some councils had increased allowances, some had reduced, and others had made no change.

The Panel was advised by the Corporate Director of Resources, of the financial position of the Council and of significant budget cuts that continue to be needed to be made in the next few years. The panel was of the view that austerity would be a continuing theme in local authority finances for the next few years. It was also aware of the outcome of the recent countywide consultation of the community in relation to budget priorities, and that increasing Members allowances had not been advanced by those consulted.

The countywide local elections took place in May 2013, and the Panel was aware that the demography of the Councillors had changed to some extent, including an increased number of younger Councillors and women. The Panel considered that the current allowances had not therefore appeared to have been a significant deterrent in attracting new Councillors to the role.

The Panel was, however, mindful of the fact that the allowances have been unchanged since Local Government Review in 2009. The value of those allowances has therefore suffered some significant erosion when taking into account inflation. It was the Panel's view that it was important that people from low incomes and different backgrounds should not be deterred from democratic representation due to lack of means. It was also the view of the Panel that there was no realistic correlation between the salaries of its staff and the allowances of its Members, the latter being of a voluntary nature rather than a contractual one. The Panel was not, therefore, minded to propose significant increases in allowances. It was, however, of the view that if there was to be no adjustment of allowances during the ongoing forecasted period of austerity, the value of the allowance would eventually be so diminished that it would not serve the purpose of aiding those with limited means to become involved in local democracy.

The Panel was also concerned that the continuing austerity within public sector spending would inevitably mean that the Council would have to make more and more difficult decisions about service provision and this would impact upon the workloads of Councillors. In short, it was likely that the workload of Councillors would increase, become more challenging, time consuming and challenging.

On balance, therefore, the Panel was of the view that a 1% increase in the basic allowance would be appropriate.

The main purpose behind this proposal is to not deter new involvement in democratic representation. For that reason, the Panel did not consider it appropriate to increase any of the special responsibility allowances as the roles qualifying for these allowances are usually held by experienced Councillors.

Members of the Panel were aware that this proposal to increase Members Allowances by 1% would incur an increase in expenditure in

the region of £17,000 a year from 2014/15 which could be funded from forecasted budgets.

Recommendations and reasons

10 In conclusion, the recommendation of the Independent Remuneration Panel for 2014/15 is:-

- (1) that Members' travelling expenses should be paid at 48p per mile;
- (2) the basis Members Allowance to be increased by 1%;
- (3) there be no changes to the Special Responsibility Allowances.

Background Papers

Report of the Head of Legal and Democratic Services to the Panel dated the 5 February 2014.

Contact: Colette Longbottom Tel: 03000 269 732

Appendix 1: Implications

Finance – Should Members agree to the proposals included in this report, the forecasted costs could be met from within existing budgets.

Staffing - None specific in this report

Risk - None specific in this report

Equality and Diversity / Public Sector Equality Duty - None specific in this report

Accommodation - None specific in this report

Crime and Disorder - None specific in this report

Human Rights - None specific in this report

Consultation - None specific in this report

Procurement - None specific in this report

Disability Issues - None specific in this report

Legal Implications - None specific in this report