



Overview and Scrutiny Management Board

Date Friday 13 February 2015
Time 9.30 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held on the 18 December 2014 (Pages 1 - 6)
4. Declarations of interest, if any
5. General Fund Medium Term Financial Plan, 2015/16 to 2017/18 and Revenue and Capital Budget 2015/16 - Report of Assistant Chief Executive (Pages 7 - 128)
6. Welfare Reform and Poverty Issues - Joint Report of Assistant Chief Executive, Corporate Director, Resources and Corporate Director, Regeneration and Economic Development (Pages 129 - 146)
7. Implications for Durham County Council of the Government's Policy Programme - Report of Assistant Chief Executive (Pages 147 - 174)
8. County Durham Partnership Update - Report of Assistant Chief Executive (Pages 175 - 194)

9. Update in relation to Petitions - Report of Head of Legal and Democratic Services (Pages 195 - 202)
10. Notice of Key Decisions - Report of Head of Legal and Democratic Services (Pages 203 - 212)
11. Information update from the Chairs of the Overview and Scrutiny Committees - Report of Assistant Chief Executive (Pages 213 - 218)
12. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
5 February 2015

To: **The Members of the Overview and Scrutiny Management Board**

Councillor J Armstrong (Chairman)
Councillor P Stradling (Vice-Chairman)

Councillors A Batey, R Bell, J Blakey, A Bonner, D Boyes, J Chaplow, K Corrigan, R Crute, B Graham, D Hall, K Henig, A Hopgood, P Lawton, J Lethbridge, H Liddle, T Nearney, C Potts, L Pounder, A Shield, M Simmons, W Stelling, R Todd, J Turnbull, S Wilson

Faith Communities Representatives:
Revd K Phipps

Parent Governor Representatives:
Mr R Patel

Other Attendees:
Councillors J Alvey, L Armstrong, G Bleasdale, J Buckham, J Carr, P Crathorne, J Hillary, E Huntington, N Martin, P McCourt, T Smith, L Taylor, A Turner, M Wilkes, R Young

Contact: Ros Layfield

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DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At a Meeting of **Overview and Scrutiny Management Board** held in Committee Room 2, County Hall, Durham on **Thursday 18 December 2014 at 9.30 am**

Present:

Councillor J Armstrong in the Chair

Members of the Committee:

Councillors A Batey, R Bell, A Bonner, D Boyes, K Corrigan, R Crute, B Graham, D Hall, A Hopgood, P Lawton, J Lethbridge, L Pounder, M Simmons, R Todd and J Turnbull

1 Apologies for Absence

Apologies for absence were received from Councillors K Henig, T Nearney, C Potts, A Shield, S Wilson and Revd K Phipps

2 Substitute Members

There were no substitute members.

3 Minutes

The minutes of the meeting held on the 20 October 2014 were confirmed as a correct record and signed by the Chairman.

The Head of Planning and Performance referred to Item 6 of the minutes of the meeting held on 20 October 2014 and advised that Councillor S Wilson had been provided with the information on the new family test criteria on the 19 November 2014.

Referring to Item 8 of the minutes, the Committee Services Manager informed the Board that the issues raised, had been considered by the Constitution Working Group and the Executive agreed that they would discuss this further with the Chairman and Vice-Chairman of Overview and Scrutiny. An update would be provided at the next meeting.

4 Declarations of interest

There were no declarations of interest.

5 Children's Centre Review Consultation Process

The Board considered a report of the Assistant Chief Executive that provided background information relating to the presentation on the Children's Centre Review consultation process. A presentation was given by the Head of Children's Services (for copy of report and slides, see file of minutes).

The Head of Children's Services reported that the public consultation ran for 12 weeks from 31 July to 23 October 2014, which was extended due to school holidays. The two proposals consulted on were the community delivery model, putting services closer to families and the 15 from 43 Children's Centres it was proposed to retain.

In response to a question from Councillor A Bonner regarding evaluating responses from those that presently do not use the Children's Centres, the Head of Children's Services advised that the feedback would differentiate and reflect between users and non users.

Councillor R Bell commented that he would be interested to see the feedback regarding access in rural areas. The Head of Children's Services advised that they were aware of the rural issues and when they present the analysis, emphasis would be given on transport and outreach.

The Head of Children's Services responded to a question from Councillor D Boyes regarding the methodology and if equal weight would be given to responses, she advised that they would be ranked by a traffic light system and the decision would be pragmatic and balanced with the strength of public feeling.

Councillor Lethbridge commented that Woodhouse Close had multiple deprivation issues and asked for assurances on the future of that building and what services would be there. The Head of Children's Services advised that information on this would be available shortly. She pointed out that other Authorities were closing centres whereas Durham were finding suitable uses for buildings and services would still be provided.

Councillor A Hopgood agreed that the consultation had been extremely robust and commented that she was awaiting feedback to compare the outcome of the consultation to the original report.

Resolved:

That the information contained in the report be noted.

6 Update on the Delivery of the Medium Term Financial Plan 4

The Board considered a report of the Assistant Chief Executive that provided an update on the progress made at the end of September 2014 on the delivery of the 2014/15 to 2016/17 Medium Term Financial Plan (MTFP 4) (for copy see file of minutes).

The Head of Policy and Communications reported that the Council remains in a strong position to meet the current financial challenges and the approach of early planning and

robustly managing the implementation of the changes ensures that the council remains ahead of the savings target requirements.

The Council has delivered £18.8m of savings for 2014/15 (82% of the £23m target) which amounts to almost £133m of savings made since 2011.

Resolved:

That the information contained in the report and the progress being made in delivering the MTFP4 be noted.

7 Quarter 2 2014/15 Performance Management

The Board considered a report of the Assistant Chief Executive which presented progress against the council's corporate basket of performance indicators (PIs) and reported other significant performance issues for the second quarter of 2014/15. A presentation was given by the Head of Planning and Performance (for copy of report and slides, see file of minutes).

In response to a question from Councillor R Bell regarding the definition of victim based crime, the Head of Planning and Performance advised that a document with the definitions would be provided.

Referring to the overall crime levels, Councillor D Boyes expressed disappointment that the figures had risen, however acknowledged the improvement in fast tracking anti social behaviour incidents and alcohol related crimes.

Councillor A Hopgood added that there had been improvements in reporting crime with the introduction of the 101 non-emergency number, resulting in the increase of instances being reported by people who previously would not call the 999 emergency number.

Referring to fly tipping concerns, Councillor D Boyes suggested that the situation would be alleviated if the fee for removal was abolished. The Chairman advised that it was the remit of the Cabinet portfolio holder to look into further actions on this.

Councillor A Hopgood added that an officer group were looking into fly tipping issues and suggested that they explore the costs associated with retrieving the collection fee and the cost of clearing the discarded items.

In response to a query from Councillor D Hall regarding the 'looked after children' figures, the Head of Planning and Performance advised that the service has an early help strategy in place which was designed to help families early to prevent children being taken into care.

Referring to the increase in people killed or injured in road traffic accidents, Councillor A Batey suggested more should be done in schools to educate young people on speed awareness, especially teenagers in order for them to become safer drivers. The Chairman advised that a Safer and Stronger working group would be looking at the issue.

Councillor A Hopgood highlighted that the Authority were performing well with regards to rent arrears and working closer with families, however, was concerned that the appraisal figures were under-performing. The Chairman advised that the Head of Human Resources would be attending the next meeting of Corporate Issues Overview and Scrutiny Committee and would be able to answer any queries.

Councillor J Lethbridge commented that misuse of IT was causing major issues for the police in relation to social media and has connections with antisocial behaviour and self-harm. The Chairman highlighted that the Durham Police are the only outstanding force in the region for investigation and have seen crime levels reduce. They have achieved results and continue to keep neighbourhood policing at the forefront.

Members discussed the unemployment rate and factors around youth unemployment, education, skills development and creating opportunities. The Chairman advised that extensive work had been carried out by the Economy and Enterprise Committee to address the issues.

Resolved:

That the information contained in the report be noted.

8 Notice of Key Decisions

The Board considered a report of the Head of Legal and Democratic Services that provided a list of key decision which were scheduled to be considered by the Executive (for copy see file of minutes).

The Committee Services Manager reported that since the last update there had been the following movement in items being considered at Cabinet:-

- 2015/16 General Fund Revenue and Capital Budget and MTFP 5 and Council Plan and Service Plans had been added for consideration in January and February;
- Atom Bank Scheme and Bishop Auckland Regeneration Framework Review had been added to the plan for February;
- Housing Stock Transfer Update had been moved to February, with a completion update being reported in May;
- Framework for the Future Provision of Fixed Play Sites had been removed from the notice with the date to be confirmed due to consultation with members.

In response to a question from the Chairman, the Committee Services Manager advised that the purdah period would commence from the 30 March 2015, and advice was being provided to services on how it affected reporting at committees.

Resolved:

That the information contained in the report be noted.

9 Information Update from the Chairs of the Overview and Scrutiny Committees

The Board considered a report of the Assistant Chief Executive that provided an update of overview and scrutiny activity between October and December 2014 (for copy see file of minutes).

Resolved:

That the information contained in the report be noted.

The Chairman agreed that in order to keep members informed, the next item of business could be reported.

10 Review of Current Policy on 20mph Speed Limits

The Chairman advised that Cabinet considered a report on the Review of Current Policy on 20mph Speed Limits and informed the Board that a scrutiny review group would be set up through the Safer and Stronger Scrutiny Committee and asked that members get involved in the review process.

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Overview and Scrutiny Management Board

13 February 2015



General Fund Medium Term Financial Plan, 2015/16 to 2017/18 and Revenue and Capital Budget 2015/16

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 To inform Overview and Scrutiny Management Board (OSMB) and Corporate Issues Overview and Scrutiny Committee (CIOSC) Members of the Cabinet report (11 February 2015) that provides comprehensive financial information to enable Cabinet to agree a 2015/16 balanced revenue budget, an outline Medium Term Financial Plan (MTFP (5)) for 2015/16 to 2017/18 and a fully funded capital programme for recommendation to the County Council meeting on 25 February 2015 (full report attached).

Background

- 2 Scrutiny members have been engaged in the development of this year's MTFP, through a series of scrutiny meetings and member seminars. In 2014, OSMB requested that CIOSC take a lead in scrutinising MTFP proposals, with members of OSMB (chairs/vice chairs and minority parties) invited to attend. This process has continued. The following sessions have been held:
 - 12 September 2014 OSMB – scrutiny of July MTFP (5) Cabinet report
 - 19 September 2014 CIOSC – scrutiny of Medium Term Financial Plan (5), Council Plan, Service Plans 2015/16 – 2017/18 and Review of the Council's Local Council Tax Reduction Scheme
 - 4th December 2014 and 12th February 2015 - Members Seminars
 - 23 January 2015 – a joint meeting of CIOSC and OSMB to consider the Cabinet reports of 18 December 2014 and 14 January 2015, and to give Members the opportunity for full consideration of the draft savings proposals, with the scrutiny response being fed back to the 11 February Cabinet meeting by the chair of OSMB
- 3 The attached Cabinet report of 11th February presents additional information regarding the MTFP for the capital programme, and the Equality Impact Assessment (EIA) process, and provides a further opportunity for Members to comment prior to full Council.

Recommendation

- 4 Members are asked to:
 - a) note and comment upon the contents of the attached Cabinet report of 11 February 2015, prior to full Council on 25 February 2015.
 - b) put forward final suggestions as part of the scrutiny response to Council on 25 February; the Chair of OSMB is charged with reporting the response to Council.

Contact: Jenny Haworth **Tel:** 03000 268014

Appendix 1: Implications (taken from the 11th February 2015 Cabinet report)

Finance – The report sets out recommendations on the 2015/16 Budget and 2015/16 – 2017/18 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 (5) 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 2015/16. It also has a fiduciary duty not to waste public resources.

Cabinet

11 February 2015

General Fund Medium Term Financial Plan 2015/16 to 2017/18, Revenue and Capital Budget 2015/16 and 2015/16 Council House and Garage Rent Proposals



Key Decision Number Corp/R/14/02

Report of Corporate Management Team

Joint Report of Don McLure, Corporate Director Resources and Lorraine O'Donnell, Assistant Chief Executive

**Councillor Alan Napier, Cabinet Portfolio Holder for Finance
Councillor Simon Henig, Leader of the Council**

Purpose of the Report

- 1 To provide comprehensive financial information to enable Cabinet to agree the 2015/16 balanced revenue budget, an outline General Fund Medium Term Financial Plan (MTFP (5)) for 2015/16 to 2017/18 and a fully funded capital programme for recommendation to the County Council meeting on 25 February 2015.

Executive Summary

- 2 Looking back to the 2010 Comprehensive Spending Review (CSR), the Government outlined funding reductions of 28% that Local Government would need to face to contribute to eradicating the national budget deficit by the end of March 2015. The initial strategy for eradicating the nation deficit was for public expenditure reductions to finance 80% of the plan with 20% coming from tax increases. Local Government faced the highest reductions in spending across the public sector.
- 3 The CSR 2010 forecasts have not been met by the Government and the Chancellor of the Exchequer's December 2014 Autumn Statement confirmed that the national budget deficit would not now be eradicated until 2018/19 with reductions in public expenditure continuing until 2019/20 to enable a forecast national budget surplus of £23bn to be realised. The national budget deficit at the end of 2014/15 is forecast to be £91bn, a reduction of less than 50% since 2011/12. Government funding reductions for local government are now forecast to be 60%, a doubling of the figure first forecast after the 2010 CSR.
- 4 It is apparent therefore that the financial landscape for Local Authorities will continue to be extremely challenging until at least 2018/19 and possibly

2019/20, resulting in the longest period of austerity in modern times. The challenges faced are exacerbated in Durham for a range of reasons:-

- (i) Government grant reductions are not being evenly distributed across the country, as evidenced by the Government's own Spending Power figures. Whilst deprived areas like Durham continue to experience Spending Power reductions above the national average, in some more affluent areas they are actually receiving spending power increases.
- (ii) The Government's methodology for funding local authorities is inextricably linked to the performance of the local economy in the local authority areas via New Homes Bonus Funding arrangements, Business Rate Retention and Local Council Tax Reduction Schemes. Disappointingly, the link to a 'Needs Assessment' is no longer a key determinant of local authority funding.
- (iii) Demand for services and support from local authorities in areas like Durham is increasing with Welfare Reforms continuing to have a significant impact on communities in more deprived areas.

- 5 Overall, it is forecast that the Council will need to save £225m over the 2011 to 2018 period. This figure is forecast to exceed £250m in 2018/19 based on the forecast public sector funding reductions outlined in the Government's December 2014 Autumn Statement.
- 6 A sum of £136.9m of savings will have been delivered by the end of 2014/15. Forecasted savings over the MTFP (5) period 2015/16 to 2017/18 of £87.6m are required, with the 2015/16 budget requiring savings of £16.3m to achieve a balanced budget.
- 7 The Council has consulted extensively with the public as part of the MTFP development. During autumn 2013 a major exercise was carried out which involved over 3,800 people who provided a clear steer in which services they felt should be prioritised for larger or smaller reductions. A refresh of this exercise was carried out in autumn 2014 with the public and partner agencies. Over 1,400 responses were received and the majority indicated that the priorities established in 2013 were still appropriate. Respondents also highlighted general concern at the scale of the reductions facing the Council and supported the approach to pursue innovative solutions to maintaining services through the Durham Ask.
- 8 The Council's MTFP strategy for the last four years has been to protect front line services as far as possible and the 2015/16 proposals are in line with this strategy. This strategy is becoming increasingly difficult to maintain over time and the likelihood is that front line services will become increasingly impacted over the next three or four years. This report summarises how the main proposals are in line with the Council's overall strategy and have been shaped by residents' and stakeholders' views with a high level analysis of the equalities impact.

- 9 In line with the MTFP (4), detailed savings proposals are only included for 2015/16, the first year of MTFP (5). This is due to the significant uncertainty in relation to finance settlements beyond 2015/16. The Local Government Finance Settlement published in December only provided details for 2015/16. It is expected that longer term finance settlements may be received in the future. The forecasts included in MTFP (5) have been extrapolated from the Chancellor's "Red Book" forecasts for the public finances.
- 10 In MTFP (1) 2011/12 to 2014/15, the Council forecast that there would be a reduction of 1,950 posts by the end of 2014/15. It is currently forecast that after the realisation of the 2015/16 savings plans the level of post reductions will still be around 1,950.
- 11 In the setting of Council Tax levels for 2015/16, consideration has been given to the significant financial pressures facing the Council. The Government have offered a Council Tax Freeze Grant for 2015/16, equivalent to a 1% Council Tax increase. The calculation of the Council Tax Freeze Grant utilises a higher Council tax base than the current level. The calculation utilises the Council tax base that was in place prior to the implementation of the Local Council Tax Reduction Scheme in 2013/14. It is forecast that this would generate a Council Tax Freeze Grant of £2.180m for 2015/16. MTFP (5) planning however has been based upon a 1.99% Council Tax increase, which is below the confirmed 2% Council Tax Referendum Limit. A 1.99% Council Tax increase will generate additional Council Tax income of £3.398m in 2015/16 which is £1.218m more than the freeze grant option. This report recommends a 1.99% Council Tax increase in the Council's Band D Council Tax in 2015/16 which would result in an average increase of 78 pence a week for all Council Tax payers and 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

- 12 The Council's MTFP (5) is aligned to the Council plan, which sets out the Council's strategic service priorities and articulates the financial implications and impacts over a three year budgeting period, 2015/16 to 2017/18.
- 13 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.
- 14 Looking back to MTFP (1) the following drivers for the Council's financial strategy were agreed by Cabinet on 28 June 2010, which still underpin the strategy in MTFP (5):-
 - (i) To set a balanced budget over the life of the MTFP whilst maintaining modest and sustainable increases in Council Tax.
 - (ii) To fund agreed priorities, ensuring that service and financial planning is fully aligned with the Council Plan.

- (iii) To deliver a programme of planned service reviews designed to keep reductions to front line service to a minimum.
- (iv) 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.
- (v) To ensure the Council can continue to demonstrate value for money in the delivery of its priorities.

Local Government Finance Settlement

- 15 The final Local Government Finance Settlement was published on 3 February 2015 and only includes grant allocations for 2015/16, with no indicative figures provided for later years.
- 16 The Government has made a significant change following the consultation responses from local authorities in relation to the provisional Settlement where local authorities were very unhappy about the withdrawal of the Local Welfare Provision Grant and continuing pressures in relation to Social Care. In the Final Settlement the Government has announced an additional £74m nationally to address these concerns with Durham receiving additional Revenue Support Grant (RSG) of £0.966m. This additional £0.966m compares to the current Local Welfare Provision Grant received by the Council in 2014/15 of £1.9m.
- 17 The Council Tax Referendum Limit is confirmed at 2%. The Government has also confirmed that a 1% Council Tax Freeze Grant will be paid to any authority which freezes Council Tax in 2015/16.
- 18 The settlement includes details of core grants e.g. RSG and Business Rates 'Top Up' Grant. The table below highlights the 2015/16 reduction in the Settlement Funding Assessment (SFA). It is important to note that the Business Rates figure below is a 'notional' figure published by the Government.

Table 1 – 2015/16 Settlement Funding Assessment

Funding Stream	2014/15	2015/16	Variance	
	£m	£m	£m	%
Revenue Support Grant	138.710	100.240	(38.470)	(27.7)
Business Rates	54.045	55.050	1.005	1.9
Top Up Grant	59.357	60.491	1.134	1.9
SFA	252.112	215.781	(36.331)	(14.4)

- 19 The table above highlights that the SFA has reduced by 14.4% in 2015/16. In addition to the above 'core' grants the Council continues to face reductions in Specific Grants with examples detailed below. Full detail is provided at Appendix 2.

Table 2 – Reduction in 2015/16 Specific Grants

Specific Grant	2014/15	2015/16	Variance	
	£m	£m	£m	%
Education Services Grant	7.523	6.002	(1.521)	(20)
Housing Benefit Admin Grant	4.091	3.765	(0.326)	(8)
Extended Free Rights to Transport	1.086	0.999	(0.087)	(8)
Local Welfare Assistance	1.900	-	(1.900)	(100)
Discretionary Housing Payment	1.096	0.982	(0.114)	(10)

20 In relation to the withdrawal of Local Welfare Provision Grant (£1.9m), the Government had notionally identified a sum of £1.4m in the Council's provisional RSG settlement for Local Welfare Assistance but had not transferred any additional funding into RSG in this regard at that stage. This was effectively a 'top slice' of existing RSG funding to provide for an exemplification of a notional figure 'available' for continuation of a Local Welfare Assistance scheme. An additional £0.966m has subsequently been received in the final settlement notionally linked to Welfare Provision and Social Care pressures, therefore to reflect the importance of supporting vulnerable people, it is recommended that a £1m Welfare Assistance budget should be introduced in 2015/16. The Council's policy and associated expenditure in relation to Welfare Assistance will be kept under review during 2015/16 to determine any impact for MTFP (6) and beyond.

21 The table below shows a comparison between the final settlement figures compared to the previously reported forecast position in 2015/16:-

Table 3 – Final Finance Settlement Compared to Forecast

Grant/Income	2015/16 Settlement	2015/16 Forecast	Difference
	£m	£m	£m
Revenue Support Grant	100.240	98.665	1.575
Town and Parish RSG Adjustment	0.270	0.285	(0.015)
Business Rate RPI Increase	0.999	1.203	(0.204)
Top-Up Grant RPI Increase	1.134	1.365	(0.231)
Section 31 Grant Increase	0.515	0.080	0.435
New Homes Bonus (NHB) Increase	1.538	1.500	0.038
NHB Re-imburement	0.377	0.390	(0.013)
Total Variance	105.073	103.488	1.585

22 The main issues to note in relation to the table above are as follows:-

- (i) The Government had originally planned to top-slice £300m from RSG to finance the additional 2015/16 New Homes Bonus. The final settlement shows that the top slice has been reduced to £250m and the Government has re-instated the £50m difference to RSG resulting in a £0.609m increase in RSG for the Council.

- (ii) An additional sum of £0.966m has been forthcoming to account for recognised pressures in relation to Welfare Provision and Social Care.
 - (iii) To protect business rate payers, the Government has capped the increase in business rates for 2015/16 at 2% rather than 2.3% which is the increase that should have been applied based on regulations, where the annual increase in business rates is based upon retail price index as at 30 September in the previous year. This reduction of £0.435m in Business Rate income and Top Up Grant will be reimbursed to the Council through a specific grant known as 'Section 31' Grant.
 - (iv) The additional New Homes Bonus allocation for 2015/16 of £1.538m is broadly in line with the Council's forecast.
- 23 Although Government funding for the Council has been reduced by circa £40m in 2015/16, the settlement is actually £1.585m better than previously forecast.
- 24 The additional £1.585m has been utilised in the 2015/16 budget by reducing the previous call on the contingency budget and introducing a £1m Welfare Provision budget.

Government Funding Reductions Based Upon 'Spending Power'

- 25 The Government has published data based upon their national Spending Power calculations. Spending Power includes certain Government grants, Council Tax income and Better Care Fund health funding. The average national Spending Power reduction in 2015/16 has been published as being 1.7% as compared to Durham's reduction of 2.5%. This calculation is however not wholly representative of the actual funding reduction and challenges faced by local authorities for the following reasons:-
- (i) The totality of the Better Care Fund revenue allocation for the County of £39.193m is included in 2015/16 figures for the first time. This has been taken from top slicing of existing funding streams received by the Council and from existing health budgets and is effectively not new funding. The majority of this funding is either already being expended by the Council and is in the 2014/15 base budget or will be expended within the health sector next year. It is inaccurate not to include this in the 2014/15 base and this is significantly skewing the data and masking the actual level of Government funding reductions being faced by local authorities.
 - (ii) Certain grants are excluded from the Spending Power calculation e.g. the Education Services Grant. In 2015/16 the Council is losing £1.521m of Education Services Grant funding but this is not included in the Spending Power calculation.
- 26 The Chartered Institute of Public Finance and Accountancy (CIPFA) has carried out its own analysis on what the Spending Power reduction would be if Public Health Funding and the Better Care Fund were excluded. Rather than

the published national average Spending Power reduction of 1.7%, the CIPFA figure is 6.1% with a north east regional average of 7.7% based on the provisional grant settlement figures.

- 27 Although the actual level of funding reduction is not fairly represented in the Spending Power figures, the analysis does fairly reflect the regional variations in the funding settlement. Detailed below are a number of examples of the Governments own 2015/16 Spending Power figures showing variations across the country.

Table 4 – 2015/16 Spending Power Variation

Area	Spending Power Variation
England	-1.7%
Durham	-2.5%
Newcastle	-4.7%
Middlesbrough	-5.4%
North Yorkshire	+1.2%
Wokingham	+2.6%
Surrey	+3.2%

- 28 The Government has also published details of Spending Power ‘per dwelling’ for all local authorities. Areas of deprivation naturally require, and have always received, higher funding levels than more affluent areas. This higher level of funding in deprived areas is required for a range of reasons including the following:-
- (i) In affluent areas, significant numbers of service users, especially in adult care can afford to contribute to the cost of their service provision. This is especially the case for residential care and home care services for the elderly. In these circumstances, the budget required in deprived areas is much higher than in affluent areas.
 - (ii) Similarly, demand for services in deprived areas such as Children’s Social Care, is significantly higher than more affluent areas resulting in deprived areas requiring higher budgets.
- 29 There is strong evidence therefore as to why local authorities which are more reliant upon Government grant should not face higher funding reductions. Need and links to Council Tax raising capacity have been eroded over the last four years, with allocations being more focussed on equalising, over time, the level of Government support being provided to each area regardless of the needs of local circumstances.

- 30 Regardless of this, the Spending Power per dwelling data highlights how significantly the funding of an area such as Durham has declined in the period 2011/12 to 2015/16. The table below highlights the 2015/16 Spending Power per dwelling for a range of local authorities.

Table 5 – 2015/16 Spending Power Per Dwelling

Area	Spending Power Per Dwelling
	£
England	2,086
Durham	2,052
Bristol	2,132
Reading	2,076
Wokingham	1,932
Surrey (including Districts)	2,186

- 31 Considering the levels of deprivation, it is significant that Durham's Spending Power per dwelling is now less than the England average. It is even more significant that if the pace of funding reduction continues as forecast and the current allocation methodology continues, then the Spending Power of Surrey County will exceed that of Durham in 2017/18, notwithstanding that the Spending Power for Durham is already below that of Surrey County when their figures are consolidated with the Surrey District Councils. It is staggering to think that a deprived area such as Durham would have a lower Spending Power per dwelling than an affluent area such as Surrey.

Consultation

- 32 During autumn 2013, the Council attracted over 10,000 people to take part in the largest public engagement programme of events ever held in County Durham. These events were managed through the Area Action Partnerships (AAPs) and were held across the county. They provided the opportunity for the public to allocate grants to local projects, set AAP priorities and provide views as to how the Council should manage its budget challenges up to March 2017.
- 33 At these events, almost 1,300 people took the time to take part in 270 budget setting group exercises where, over 30-45 minutes, they deliberated with other members of the public as to how the Council should allocate savings of £100 million over the next few years. Feedback from those taking part in the activities was very positive, with 97% of participants feeling that it was a good way to involve local people in decision making.
- 34 In addition to the group exercises, comments as to how the Council should achieve its savings target were also provided through different forms. There were 2,074 completed paper questionnaires and a further 517 completed online.
- 35 The results of this budget consultation, which included over 4,000 responses, were reported to Cabinet on 12 February 2014. A clear message from the

consultation was the requirement to minimise the impact upon frontline service provision wherever possible. This feedback has influenced the development of the budget proposals for 2015/16 as set out in this report and it is anticipated that they will help inform the budget setting process for the next two to three years.

- 36 Having completed such a comprehensive budget consultation in 2013, this year's budget consultation concentrated on seeking views from the 14 AAPs and the key partner agencies that make up the County Durham Partnership. This involved two distinct phases. The first phase focussed on the AAP Boards and Forums, where attendees were asked specific questions, namely:-
- Since the public consultation in 2013, has anything changed in your area that you feel would affect which services should have larger or smaller reductions?
 - Where a local organisation has shown interest, should the council explore the opportunity of them managing a facility or service to reduce the impact of budget savings on communities?
 - Are there any council facilities or services in your area that could be managed by local people?
- 37 The second phase of the consultation concluded on 15 January 2015, and sought views on the draft 2015/16 budget proposals (as reported to Cabinet on 17 December 2014) from AAP Boards and partner agencies.

Phase I – Public Consultation

- 38 The first phase of the consultation which concluded on 12 December 2014 and involved presentations to all 14 AAP Boards as well as the completion of questionnaires at the 14 AAP Forum events. A total of 602 hard copy questionnaires were collected at the AAP Forums and a further 110 were submitted online bringing the overall total to 712.
- 39 Overall, a majority of respondents (65%) said that nothing changed in their area that would affect which services should have larger or smaller reductions. Where respondents did identify change they were more likely to identify services or issues that should be **protected** from larger budget reductions (86%), rather than those to be cut by more (14%).
- 40 Most commonly and in order of priority, respondents who did identify change tended to say the following services should be protected from larger budget reductions:-
- Subsidised Bus Travel
 - Roads, footpaths, traffic and lighting
 - Job Creation
 - Support for Community Projects, Centres, Partnerships and Groups.

- 41 Respondents identified the following services that should have larger budget reductions:-
- Finance, Legal, Information Technologies and Human Resources
 - Gritting and Snow Clearance
 - Roads, footpaths, traffic and lighting
 - Democratic Support - Decisions and Elections
 - Social Work and Protecting Vulnerable Children and Adults.
- 42 A full list of the services identified by respondents is available in Appendix 3.
- 43 Older respondents tended to be more likely to identify change than younger ones and most commonly they identified the following issues:-
- Subsidised Bus Travel
 - Roads, footpaths, traffic and lighting
 - Social Work and Protecting Vulnerable Children and Adults.
- 44 As with the consultation carried out in 2013/2014, there was a general understanding of the scale of the financial challenge facing the council. In the light of this situation, a large majority of respondents (93%) felt that the council should explore opportunities for local organisations to manage Council facilities or services as being promoted through The Durham Ask.
- 45 The services respondents felt there could be most scope for transfer, included:-
- Libraries
 - Community centres
 - Grass Cutting, flower beds.
- 46 Similar to the questionnaire responses, AAP Boards were in favour of progressing with The Durham Ask. However, in reaching their conclusion, it was suggested the council needed to:-
- Ensure the focus includes established organisations (including local councils and other partners) in addition to smaller voluntary organisations and groups
 - Ensure that groups are confident that they can operate appropriately post transfer
 - Provide training/support so groups understand the full scale and responsibilities and are able to apply for funding. This support could be offered by council staff or the VCS.
- 47 A number of other suggestions for achieving the necessary savings whilst maintaining community services and facilities were highlighted by AAP Boards. These included proposals that:-

- More work should be undertaken to consider whether joint arrangements could be developed with neighbouring authorities and other private sector organisations.
- Consideration should be given to ensure there is sufficient executive housing across the County to help attract new businesses to the area.
- When considering service provision/withdrawal, account should be taken of the varying levels of need across the county, in terms of population size (current and planned growth) as well as deprivation levels.

48 In general, the most common response from AAP Boards was concern at the level of the cuts facing the Council and the need to develop innovative solutions such as The Durham Ask to try to safeguard frontline services.

49 Finally, in addition to the consultation set out above, the opportunity was taken to supplement this consultation by seeking views of children and young people at a series of school based events in the East of the County. Overall 724 took part from various schools. Overall, a large majority of children and young people consulted supported last year's results with respect to services that should have a smaller reduction. However, a small majority of respondents disagreed about the services that should receive larger reductions. This was most so with subsidised bus services where 62% of children and young people disagreed that the council should save money on this service.

Phase 2 – Partner Consultation

50 Phase 2 of the consultation sought views on the draft 2015/16 budget proposals (as reported to Cabinet on 17 December 2014) from AAP Boards and partner agencies which make up the County Durham Partnership. Respondents generally welcomed the opportunities to continue to work collaboratively and therefore contribute to shaping future budget reductions and mitigate against impacts. From those which responded, there were no suggestions to amend specific savings proposals in the report. However some areas for consideration were highlighted and are detailed below:-

51 It is reassuring that the council's commitment to consult has continued and that it has been able to deliver budget savings of £137 million without major effects on frontline services. However, there is concern about what will happen to frontline services in the future given the level of savings which need to be achieved by 2019.

52 Concern was expressed about the higher spending power reductions faced by Durham County Council in comparison with the average for England. One Council highlighted that when deciding on support for school crossing patrols, note should be taken of growth in traffic due to new developments.

53 Local Councils welcomed the continued support from Durham County Council of passing the Council Tax Support Grant and the support it has provided to County Durham Association of Local Councils.

- 54 The Durham Ask approach was supported as a method to achieve savings whilst maintaining services and it was recognised that the VCS will be working alongside the council to support its implementation.
- 55 That the Council should allocate some of the New Homes Bonus generated by the new houses built in Spennymoor to specific projects in the town to address its deteriorating infrastructure.
- 56 Durham Community Action highlighted that they will work with the Council to mitigate potential impacts of the reductions in the Community Building Grants with other support, and accepted the scale and proportion of the proposed reduction is fair and balanced given the overall budget situation.
- 57 Whilst preparing to implement the savings required, we need to consider;
- (i) Impacts on national health priorities such as tackling obesity, particularly when Sport and Leisure is restructured.
 - (ii) The potential impact of the proposed changes to the Community Building Grant on the voluntary sector and the need to consider the availability of funding from other sources.
 - (iii) That the consistent application of eligibility criteria for care services does not result in higher costs for the health sector.

Scrutiny Committee Feedback

- 58 Scrutiny Members met on the 23 January 2015 to consider the December and January MTFP 5 Cabinet reports. Full verbal feedback on the outcomes from this meeting will be given by the Chair of the Overview Scrutiny management Board at the Cabinet meeting on the 11 February 2015, and a summary of headline issues raised is included below.
- 59 Overall, the committee acknowledged the ongoing deterioration in national finance and the effect this has on local government finances and the requirement for greater savings to be made long term. Given this difficult context, the majority of members were in support of the MTFP proposals. The committee also acknowledged the good work of the officer team who had developed the budget proposals.
- 60 The committee agreed that four suggestions put forward by some members of the committee should be raised for further consideration by Cabinet colleagues:
- (i) The assumed energy price increases built into the base budget model may benefit from review in light of recent decreases in the price of oil;
 - (ii) Some members questioned whether it would be possible to reduce the underlying price inflation assumption of 1.5%, given lower recent national figures;

- (iii) There was a concern about the ongoing maintenance of welfare provision in light of the national withdrawal of the Local Welfare Provision Grant;
- (iv) More detail was requested regarding the rationale for one of the key savings areas - the proposal for greater court cost fee income (RES22).

61 The content and recommendations included in this report has taken into consideration all the views of members of the public, partners and the scrutiny committee in finalising the 2015/16 to 2017/18 MTFP proposals.

MTFP Strategy

62 The strategy the Council has deployed to date has been to seek savings from management, support services, efficiencies and, where possible, increased income from fees and charges to minimise the impact of reductions on frontline services as far as possible.

63 Throughout the period covered by the MTFP (1) through to MTFP (5), the totality of savings required has risen from £123m to £225m. It is clear that it will become increasingly difficult to protect frontline services going forwards.

64 To date the Council has implemented the agreed strategy very effectively:-

- (i) £136.9m of savings will have been delivered by the end of 2014/15.
- (ii) Savings have been delivered on time and in some areas ahead of time. This is critically important, because slippage would mean that the Council would have to deliver higher savings over time.
- (iii) The number of employees earning over £40,000 since 2011 had been reduced by 31%. This has significantly reduced management costs.
- (iv) Proportionally more than three times as many manager posts have been removed than frontline staff.
- (v) Whilst income from fees and charges has been increased, this has not resulted in the Council having the highest levels of fees and charges in the region, which is important given the socio-economic make-up of the county.
- (vi) It was originally forecast in MTFP (1) that there would be a reduction in posts of 1,950 by the end of 2014/15. Based upon the 2015/16 savings plan it is forecast that post number reductions will still be around 1,950. Management of change policies and HR support have ensured that this degree of change has been managed effectively.

65 The importance of delivering savings early if practical to do so cannot be over emphasised. The generation of reserves in the form of cash limits has been essential in ensuring the delivery of the savings and enables a managed implementation of proposals across financial years.

- 66 In general, the Council has been quite accurate in forecasting the level of savings required, which has allowed the development of strong plans and to robustly manage implementation, including extensive consultation and communication. This has put the Council in as strong a position as possible to meet the continued and enhanced challenges across this medium term financial plan and beyond, where savings proposals will undoubtedly become more complex and difficult to deliver in future years.
- 67 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 (5) have identified unavoidable impact on vulnerable people, the Council works hard with partners to minimise this impact as far as possible. In MTFP (5), support has been included to protect working age people on low incomes through the Council tax reduction 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 in order to demonstrate value for money.
 - (iii) **Reduce Councillor and staffing costs:** Councillor costs were significantly reduced at LGR with associated support costs also reduced. The reduction in staffing of around 1,950 posts by the end of 2015/16 is a significant reduction in staffing costs. Proportionally, three times 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 a number of leisure centres, a golf course and community buildings to date. 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 "Durham Ask" initiative is expected to result in the transfer of more Council assets.

- (v) **Fairness:** The Council continues to lobby the Government on the current unfairness of the geographical distribution of Government cuts, both individually and through the Association of North East Councils (ANEC). Independent evidence from the National Audit Office also confirms that Councils serving deprived areas have faced and are facing the largest cuts and this supports a number of other independent research papers, including reports from the Institute for Fiscal Studies. The Council is committed to carrying out impact assessments on its policy changes, including those arising from austerity, to identify how reductions can continue to be made in a fair way.
- (vi) **Charges:** The Council has addressed some of its financial challenges through increasing fees and charges. Such decisions are carefully considered and it is acknowledged that it is not appropriate to aim for the highest charges possible given the income levels of the majority of residents and service users in County Durham.

68 It is clear that austerity will continue over the three year period of this medium term financial plan. Where the savings targets were declining year on year from the huge reduction of £66m 2011/12, the Council is likely to face several years where the targets will be higher than those for 2015/16. Obviously, the fact that each year's reduction is on top of those of previous years is leading to a forecasted, cumulative total of £225m since 2011/12 up to 2017/18 and means that the Council continues to face a very considerable financial challenge.

69 In addition, Local Government generally is facing more uncertainty about future funding and absorbing more risks from Central Government.

70 Increased risk is arising from several sources:-

- (i) Under the Local Council Tax Reduction Scheme, previous national risk arising from any increased numbers of benefits claimants has been transferred to Local Authorities since 2013/14. The risk is greater for authorities like Durham that serve relatively more deprived areas and have relatively weaker economic performance than the national average.
- (ii) Business Rates Retention was introduced in 2013/14 to incentivise local authorities to focus on economic regeneration by being able to retain more business rates raised locally from new businesses. Economic regeneration has always been the top priority for the Council. Unfortunately, the changes again shift risk once managed nationally to Local Authorities should there be a downturn in the local economy and local business rate yield reduces.
- (iii) Welfare Reform carries increased financial risk to the Council in areas such as the Benefits Service, homelessness and housing. Similarly Council Tax may become more difficult to collect, creating increased financial pressure.

- (iv) Ongoing Council Tax capping restrictions – The Council medium term financial planning is predicated on an annual 2% Council Tax increase; any Government imposed percentage reduction in this cap will create an annual pressure of circa £800,000 per 0.5% Council Tax reduction.
- (v) Normal risks such as future actual price and pay inflation beyond MTFP forecasts and demographic pressures also will still apply.

71 Since clarity is expected to emerge throughout 2015 regarding the future levels of local government funding beyond 2015/16, savings plans have yet to be fully developed beyond 2015/16 and therefore only one year's savings proposals are included in this MTFP (5) and are shown at Appendix 3.

Revenue Budget for 2015/16

72 Regular updates on the development of the 2015/16 budget have been reported to Cabinet since July 2015. These updates have provided detail upon the resources available, budget pressures and the savings required to balance the budget. This report provides details on the final position.

Base Budget Pressures in 2015/16

73 Base budget pressures have been reviewed over the last year. The table below details the final position on the 2015/16 Base Budget pressures.

Table 6 – 2015/16 Base Budget Pressures

Pressure	Amount
	£m
Pay Inflation	2.750
Price Inflation	2.650
Council Housing – costs relating to Stock Transfer	3.550
Employer Pension Contributions	0.760
Energy Price Increase	0.250
Durham Living Wage	0.250
Concessionary Fares	0.320
Welfare Assistance Provision	1.000
Prudential Borrowing to Fund New Capital Projects	2.000
CAS Demographic and Hyper Inflationary Pressures	1.000
Use of Earmarked Reserve in CAS	(1.000)
Corporate Risk Contingency Budget	(0.382)
Capital Financing for Current Programme	(2.500)
TOTAL PRESSURE	10.648

Additional Investment

74 Additional budget has been allocated for price inflation, the cost of the recently agreed 2014/15 pay award which includes the 2015/16 pay award, additional costs in relation to both employer pension contributions and the Council's concessionary fares scheme.

- 75 The additional costs in relation to the transfer of the Council’s housing stock from 1 April 2015 totalling £3.550m have been financed along with the £0.25m cost associated with the implementation of the Durham Living Wage which came into effect on 1 January 2015 and £1m for a recurring Welfare Assistance Provision budget to help vulnerable people with settlement grants and food vouchers.
- 76 The Council continues to invest in infrastructure. An additional £2m of revenue will be provided in 2015/16 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.

Savings Methodology

- 77 To date, the Council has delivered the savings required on schedule where each of the years 2011/12 to 2014/15 annual savings targets have been achieved totalling £136.9m.
- 78 The savings target for 2015/16 is £16.283m with the savings plans for each Service Grouping along with ‘Corporate’ savings being detailed in Appendix 4.
- 79 Based upon future years finance settlement forecasts, the Council could face significant savings targets for 2016/17 to 2018/19. Plans in relation to these years will be developed in the coming months and reported to Cabinet during the development of MTFP (6).
- 80 The revised forecast of savings up to the end of 2017/18 is detailed below.

Table 7 – Total Savings 2011/12 to 2017/18

Period	Savings
	£m
2011/12 to 2014/15	136.9
2015/16 to 2017/18	87.6
TOTAL	224.5

2015/16 Net Budget Requirement and Council Tax

- 81 After taking into account base budget pressures, additional investment, the Council's recommended Net Budget Requirement for 2015/16 is £409.873m. The financing of the Net Budget Requirement is detailed below.

Table 8 – Financing of the 2015/16 Budget

Funding Stream	Amount
	£m
Revenue Support Grant	100.240
Business Rates	54.809
Business Rates – Top Up Grant	60.491
Business Rates – Collection Fund Surplus	0.500
Council Tax	174.134
New Homes Bonus	8.322
New Homes Bonus Reimbursement	0.377
Education Services Grant	6.002
Section 31 – Small Business Rate Relief	2.398
Section 31 – Empty Property and Retail Relief	0.919
Section 31 – Settlement Funding Adjustment	1.681
TOTAL	409.873

- 82 The Gross and Net Expenditure Budgets for 2015/16 for each Service Grouping are detailed in Appendix 5. Appendix 6 provides a summary of the 2015/16 budget by service expenditure type, based upon the CIPFA classification of costs.
- 83 The Government have 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 2015/16. The grant for Durham would be an estimated £2.180m. The Government has also confirmed that the Council Tax Referendum Limit for 2015/16 is 2%. Should the Council agree to a Council Tax increase of 1.99%, which would be below the referendum limit, this would generate £1.218m of additional income.
- 84 The 2015/16 Council Tax Base which is the figure utilised to calculate Council Tax income forecasts, was approved by Cabinet on 17 December 2014 as 130,493.0 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

- 85 **It is recommended that Members:-**
- (i) **Approve the identified base budget pressures included in paragraph 72.**

- (ii) Approve the investments detailed in the report.
- (iii) Approve the savings plans detailed in the report.
- (iv) Approve a 1.99% increase in Council Tax.
- (v) Approve the Net Budget Requirement of £409.873m.

How the Medium Term Financial Plan (MTFP (5)) – 2015/16 to 2017/18 has been developed.

86 The following assumptions have been utilised in developing the MTFP (5) model.

- (i) Government grant reductions for the MTFP period have been developed utilising information from the December 2014 Autumn Statement. The estimated Government grant reduction for 2016/17 and 2017/18 are as follows:-

Table 9 – MTFP (5) Funding Reductions

Year	Funding Reduction
	£m
2016/17	38.000
2017/18	28.000

- (ii) Forecast pay and price inflation levels have taken into account the likely restraint on public sector pay and the current and forecast levels of price inflation. The assumptions built into MTFP (5) are detailed in the table below:-

Table 10 – Pay and Price Inflation Assumptions

Year	Pay Inflation	Price Inflation
	%	%
2016/17	1.5	1.5
2017/18	1.5	1.5

- (iii) Continuing forecast budget pressures in relation to Employer Pension Contributions, Concessionary Fares, Energy Prices and CAS Demographics and Hyper Inflation.
- (iv) Increased Employer National Insurance costs when the Government's national 'Single Pension' is introduced in 2016/17.
- (v) Additional costs associated with the implementation of Single Status in October 2012. These additional costs are presently being met from the Equal Pay Reserve which is forecast to run out in 2016/17.

- (vi) Continuing the need to support the capital programme.
- (vii) Council Tax increases are assumed to be 2% across the MTFP (5) period.

87 At this stage, detailed savings plans need to be developed to achieve the following savings targets for 2016/17 and 2017/18.

Table 11 – Savings to be Identified

Year	Savings Target
	£m
2016/17	36.554
2017/18	34.829

88 The 16 July 2014, MTFP (5) Cabinet report introduced the option of the utilisation of a planned delivery programme (PDP) reserve to support the MTFP (5) process. For indicative processes the utilisation of the PDP of £10m in each of 2016/17 and 2017/18 has been modelled to enable consideration to be given to utilising PDP to support the MTFP. An initial £10m PDP Reserve has been created as reported in the MTFP (5) Cabinet report of 17 December 2014.

89 The MTFP (5) forecasted budget model is attached at Appendix 7.

Financial Reserves

90 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 Reserves.
- (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.

91 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 and then reporting 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 £33m.
- 92 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.
- 93 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".
- 94 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.
- 95 The forecast balance on all reserves is reported to Cabinet every quarter as part of the Forecast of Outturn reports and Cabinet received the latest report on 19 November 2014. A range of reserves are being utilised to support MTFP (5). Details are as follows:-
- **MTFP Redundancy and ER/VR Reserve** – this reserve was originally created in 2010 with a balance of £26.9m. The reserve was replenished during 2013/14 when a further £15m was contributed to the reserve. At the end of 2014/15 it is presently forecast that the balance on the reserve will be £13m. Having this reserve in place will be a major factor in managing the savings realisation process effectively across the MTFP (5) period. This reserve will continue to be closely monitored.
 - **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 £4.15m is to be utilised in 2015/16.
 - **Equal Pay Reserve** – The cost of successfully implementing Single Status in October 2012, in order to put in place a pay and grading structure that satisfied all equal pay legislation was greater than the £6.5m available budget. 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.

It is forecast that the reserve will be utilised in both 2015/16 and 2016/17. The sum to be utilised in 2015/16 will be £4.536m.

- **Cash Limit Reserves** – Service Groupings continue to utilise Cash Limit Reserves to enable reprofiling of when MTFP savings are realised. A sum of £0.267m is to be utilised in 2015/16.

96 The table below details the known reserves being utilised to support MTFP (5).

Table 12 – Earmarked Reserves utilised to support MTFP (5) in 2015/16

Reserve	Sum Utilised in 2015/16
	£m
Adult Demographic	4.150
Equal Pay	4.536
Cash Limit	0.267
TOTAL	8.953

97 In addition to the above, the MTFP Redundancy and ER/VR Reserve will also be utilised during 2015/16 to support the delivery of MTFP (5) savings. Overall it is forecast that over £10m of earmarked reserves will be utilised to support the 2015/16 budget.

98 It is recommended at this stage that the current Reserve Policy of maintaining the General Reserve of between 5% and 7.5% of the Net Budget Requirement is retained. This will result in a General Reserve range of up to £31m.

99 A balanced MTFP model has been developed after taking into account the assumptions detailed in this report. The MTFP model is summarised below.

Table 13 – MTFP (5) Model Summary

	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m
Reduction in Resource Base	5.635	25.582	21.129	52.346
Budget Pressures	10.648	10.972	13.700	35.320
Savings Required	16.283	36.554	34.829	87.666

Recommendations

100 **It is recommended that Members:-**

- Agree the forecast 2015/16 to 2017/18 MTFP (5) financial position.**
- 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.

- (iii) Aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £31m.

Capital Budget

101 The revised 2014/15 to 2017/18 capital budget was approved by Cabinet on 19 November 2014. 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 2014/15 to 2017/18 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 14 – Current Capital Budget 2014/15 to 2017/18

Service Grouping	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m
ACE	3.741	3.768	0	0	7.509
CAS	62.976	34.507	2.524	0.315	100.322
Neighbourhoods	43.474	36.375	3.819	7.631	91.299
RED	36.809	56.982	2.698	0	96.489
Resources	7.253	13.098	4.859	0	25.211
TOTAL	154.253	144.729	13.900	7.946	320.828
Financed by					
Grants and Contributions	62.315	37.275	5.369	0.315	105.274
Revenue and Reserves	8.387	0.280	0	0	8.667
Capital Receipts	10.229	16.619	4.673	6.687	38.208
Borrowing	73.322	90.555	3.858	0.944	168.679
TOTAL	154.253	144.729	13.900	7.946	320.828

Capital Considerations in the MTFP (5) Process

102 Service Groupings developed capital bid submissions during the summer 2014 alongside the development of revenue MTFP (5) 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.

103 Whilst considering Capital bid proposals, MOWG have continued to recognise 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.

Available Capital Financing – Capital Grants

104 The following level of capital grants for 2015/16 were assumed when MTFP (4) was approved at County Council on 26 February 2014.

Table 15 – 2015/16 Capital Grants Assumed in MTFP (4)

Grant	Amount £m
LTP – Highways Maintenance	13.480
LTP – Integrated Transport	2.566
School Capitalised Maintenance	7.200
TOTAL	23.246

105 Specific capital programmes were included in MTFP (4) financed from these assumed allocations. The allocations have now been confirmed with the following impact:-

- (i) **Local Transport Plan (LTP) - Highways Maintenance - £11.886m**
The Government has top sliced Local Authorities LTP Highways Maintenance allocation to form an Incentive Fund and Challenge Fund. This has resulted in a significant reduction in the forecast grant allocation from £13.480m to £11.886m. The 2015/16 budget allocation approved in MTFP (4) of £13.480m will be reduced to this lower figure of £11.886m. The Council may be successful in attracting additional funding from bids to the Incentive and Challenge Funds.
- (ii) **LTP – Integrated Transport £2.789m**
Confirmation of the grant allocation was received during October. The additional allocation of £0.233m has already been added to the budget.
- (iii) **Schools Capitalised Maintenance/Basic Need - £5.635m**
The funding allocation for school maintenance has reduced again in 2015/16. The 2015/16 budget allocation approved in MTFP (4) of £7.2m will be reduced to this lower figure of £5.635m. Three schools have received provisional approval for improvement under the Priority Schools Building Programme at Bishop Barrington, Vane Road Primary and Durham Community Business College, although at this stage no budget allocation is forthcoming.

- 106 In addition to the above grants, the Council has received confirmation for additional capital grants for 2015/16 and has included indicative grants for 2016/17 in developing the MTFP (5) Capital Programme. The table overleaf provides details of the additional 2015/16 allocations, along with the indicative allocation for 2016/17 included in plans. It should be noted that funding for 'Disabled Facilities' and 'General Social Care' are financed from the Better Care Fund. If the actual allocations for 2016/17 vary from the forecast then the capital budget may be adjusted accordingly.

Table 16 – Capital Grants Utilised in Support of the MTFP (5) Capital Programme

Capital Grant	2015/16	2016/17
	£m	£m
Disabled Facilities	2.970	2.970
General Social Care	1.572	1.572
LTP - Highways	0	11.886
LTP – Integrated Transport	0	2.789
School Maintenance	0	5.635
Devolved Schools Capital	1.424	0
Total	5.966	24.852

Capital Receipt Forecast

- 107 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 within the former district councils. Normally Registered Social Landlords cannot recover VAT. The VAT shelter agreed with Revenues and Customs (HMRC) allows recovery normally over a 15 year period. The benefit of this is shared between the Council and the landlord. 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 2016/17, which will support the additional schemes for approval.
- 108 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. In other cases estimated capital receipts have been offset by selective demolition of redundant buildings on sites declared surplus and being marketed for sale, in recent years this has been restricted to school sites and surplus office accommodation.

Prudential Borrowing

- 109 An additional revenue budget of £2m has been included in the MTFP (5) for 2016/17 to support prudential borrowing. A proportion of this budget is being utilised to support the leasing costs of replacement vehicles and plant. The residual sum is available to support additional new schemes in the MTFP (5) capital programme.

Residential Homes

- 110 The current capital programme includes £5.841m budget in 2014/15 in relation to residential homes. This full budget will no longer be required due to the closure of these homes. It is recommended that a budget of £0.841m is retained to cover any costs associated with the facilities, especially in relation to demolition. The remaining £5m is available to support new schemes in the MTFP (5) capital programme.

Approval of Additional Capital Schemes

- 111 A comprehensive 2015/16 capital programme was approved as part of MTFP (4) in line with the Council policy of developing a two year rolling capital programme. The need to continue to invest in capital infrastructure is seen as an essential means of maintaining and regenerating the local economy whilst supporting 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.
- 112 After considering all factors, including the availability of capital finance, MOWG have recommended that the following additional value of schemes be approved for inclusion in the MTFP (5) capital programme. Full details of the additional schemes can be found in Appendix 9.

Table 17 – Additional Capital Schemes for 2015/16 and 2016/17

Service Grouping	2015/16	2016/17
	£m	£m
ACE	0	2.100
CAS	1.424	5.635
Neighbourhoods	0.910	20.508
RED	4.325	15.684
Resources	0.250	1.755
Total	6.909	45.682

- 113 The new schemes detailed in Appendix 9 will ensure that the Council continues to invest in priority projects and essential maintenance programmes. Examples of additional investments are detailed below:-
- (i) **Highways Maintenance (2016/17 - £2.756m)** In line with previous years, a sum in addition to the LTP grant will be invested into highways

maintenance. The sum of £2.756m will be especially important in light of the Government top slicing of LTP grant nationally.

- (ii) **Unadopted Highway Maintenance (2015/16 - £0.5m 2016/17 - £1.0m)** This funding will enable Council owned unadopted highway to be made up to adoptable standards on a priority basis and then maintained as adopted highway. The unadopted highways are often in a very poor state of repair and are a danger to the public and a risk for the Council in relation to insurance claims.
- (iii) **Flood Prevention (2016/17 - £1.0m)** Flooding incidents continue to have a significant impact upon the public. The additional budget allocation will enable investment in prioritised flood prevention schemes.
- (iv) **A19/A189 Sheraton Junction (2016/17 - £1.5m)** Investment will enable the signalisation of this dangerous junction which had seen a number of accidents and fatalities in recent years.
- (iv) **Town Centre Master Plans (2016/17 - £1.0m)** This budget will enable continued investment to continue delivery of action plans within the Cabinet approved Town Centre Masterplans.

114 After taking into account the adjustments detailed in this report, and the additional schemes the revised capital budget and its financing will be as follows:-

Table 18 – New MTFP (5) Capital Programme

Service Grouping	2014/15	2015/16	2016/17	2017/18	Total
	£m	£m	£m	£m	£m
ACE	3.741	3.768	2.100	0	9.609
CAS	57.976	34.366	8.159	0.315	100.816
Neighbourhoods	43.474	35.691	24.327	7.631	111.123
RED	36.809	61.307	18.382	0	116.498
Resources	7.253	13.348	6.614	0	27.215
TOTAL	149.253	148.479	59.583	7.946	365.261
Financed by					
Grants and Contributions	62.315	40.082	30.221	0.315	132.933
Revenue and Reserves	8.387	0.280	0	0	8.667
Capital Receipts	10.229	16.619	14.673	6.687	48.208
Borrowing	68.322	91.498	14.689	0.944	175.453
TOTAL	149.253	148.479	59.583	7.946	365.261

Recommendation

115 It is recommended that Members:-

- (i) Approve the utilisation of £5m Residential Homes Capital Budget to support the MTFP (5) Capital Programme.
- (ii) Note the reduction in the 2015/16 Highways Maintenance Capital Budget due to the £1.594m reduction in the forecast LTP grant.
- (iii) Approve the revised 2014/15 Capital Budget of £149.253m.
- (iv) Approve the additional capital schemes detailed at Appendix 9. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from the £5m transfer from the Residential Homes Capital Budget.
- (v) Approve the MTFP (5) Capital Budget of £365.261m for 2014/15 to 2017/18 detailed in table 18.

Savings Proposals

Assistant Chief Executive's

- 116 Spending reductions of £3.81m have been achieved over the course of MTFP (1) – (4). A further reduction of £0.218m is required in 2015/16.
- 117 The savings made to date have been made through reviewing each of the services within the Service Grouping to identify opportunities to work more efficiently whilst continuing to provide support to the Council through a period of considerable change.
- 118 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.
- 119 Much of the service grouping's savings have been realised through reduction of management and support services. The savings proposed for 2015/16 will come from a reduction of non-frontline supplies and services budgets together with reductions in community and partnership administration and non-staff budgets.
- 120 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.
- 121 Higher reductions have been made and proposed in performance management, policy and communications in line with consultation findings.

Children and Adults Services

- 122 Spending reductions of over £63m have been achieved over the course of MTFP (1) – (4). A further reduction of c£8.6m is required in 2015/16.
- 123 The service has been impacted by a significant amount of change both internally and externally during the last few years. External factors include demographic changes as a result of an ageing population and increasingly complex cases, NHS changes, social care reforms, changes in funding for schools and new inspection frameworks for children’s social care and schools.
- 124 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, ensuring consistency in the application of eligibility criteria to ensure people consistently receive the right level of care they need, and through better procurement of services.
- 125 Given the nature of the service grouping, the 2015/16 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. Continuous development and improvement in methods of addressing child care issues will enable savings to be achieved in the costs associated with looked after children together including associated supervised contact and legal costs. Collaborative working with other bodies has also allowed for mental health and substance misuse provision to continue by adopting a revised service delivery model at a reduced cost. Significant savings relate to the changes in the number of Children’s Centre services through a proposed community service delivery model, a 12 week consultation was undertaken from 31 July 2014.
- 126 Some of the 2015/16 proposals that affect frontline services are savings arising from policy changes made in previous years, such as a review of day care provision, plus a continuation of the strategy in previous years, including the continued focus on consistent and effective use of existing eligibility criteria within Adult Care.
- 127 Whilst it is clear that savings proposals in this area affect vulnerable people, all efforts continue to be made to minimise the 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

- 128 Spending reductions of £22.7m have been achieved over the course of MTFP (1) - (4). A further reduction of £2.6m is required in 2015/16.
- 129 During this period, Neighbourhood Services has been able to make significant savings through more efficient delivery of services. Examples include the

procurement of new contracts for waste disposal, reviews of waste collection and leisure services along with rationalising the council's fleet of vehicles, savings in procurement and reductions in management and support services.

- 130 While every attempt has been made to prioritise savings from non-frontline services in the 2015/16 proposals, this will become increasingly difficult and unavoidable in future years.
- 131 A number of the 2015/16 proposals involve restructures across most areas of Neighbourhood Services. In addition there are further savings associated with more energy efficient street lighting, a review of the offer at the Gala Cinema and Bishop Auckland Town Hall, reductions in Museum funding and the implementation of charging for garden waste.

Regeneration and Economic Development

- 132 Spending reductions of £19.1m have been achieved over the course of MTFP (1) – (4). A further reduction of £1.3m is required in 2015/16.
- 133 Front line service provision was heavily affected by the removal of the Working Neighbourhoods Fund and Local Enterprise Growth Initiative (LEGI) in 2011/12, which reduced the advice and support available to unemployed people and those looking to start a new business in an economic recession. The removal of Areas Based Grants in 2011/12 amounted to £12m.
- 134 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.
- 135 For 2015/16, all of the savings proposed will be delivered from further staffing reductions, through vacancy management and restructuring activity alongside reductions in supplies and services.
- 136 Consultations held previously have consistently 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

- 137 The Council has consistently prioritised higher savings targets from Resources in line with the views of the public and this has resulted in the achievement of spending reductions of £10.2m over the course of MTFP (1) – (4). A further reduction of £1.6m is required in 2015/16.
- 138 A significant part of the budget covers services that provide support to other service groupings. The proposed savings for 2015/16 continue to mostly relate to reducing the staffing costs of these services. These include Human Resources, where the full year savings from the restructure implemented in 2014/15 will be achieved, Information and Communication Technology, Legal

and Democratic Services, and Internal Audit and Risk, which will all be subject to restructuring and downsizing in 2015/16.

- 139 Additional savings have been achieved through reductions in supplies and services and efficiencies in non-staffing budgets for Financial Services, Legal Services and Welfare Rights and from an increase in court cost fee income, where a current overachievement of budgeted income will be built into the base budget.

Recommendation

- 140 **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

- 141 This section updates members on the outcomes of the equality impact assessment of the MTFP (5) to date, and summarises the potential cumulative impact of the 2015/16 proposals.
- 142 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.
- (iii) Ensure that we avoid unlawful discrimination as a result of MTFP decisions.
- 143 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.
- (iii) Foster good relations between those who share a protected characteristic and those who do not.

- 144 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."
- 145 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.
- 146 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.
- 147 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.
- 148 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 2015/16 Savings Proposals

- 149 A total of 24 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 by Service Grouping:

ACE	2
CAS	9
Neighbourhoods	6
RED	1
Resources	4
Corporate	2

The documentation has been made available for Members via the Member Support team ahead of the 11 February 2015 Cabinet meeting, and is in line with information provided in support of the December Cabinet report.

Summary of Equality Impact of 2015/16 MTFP Proposals

- 150 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.
- 151 ACE proposals have minimal equality impact and include:-
- (i) Staffing proposals and proposals relating to the proposed review and withdrawal of grant funding. Specifically, the grants involved are community buildings grant and grant for the County Durham Foundation (CDF). At this stage neither proposal is thought to have specific impacts on equality groups. However, consultation will take place with community building groups and the CDF to better understand implications of grant withdrawal.
- 152 CAS proposals include potential impacts on age, disability and gender:-
- (i) Savings largely relate to the continuation of existing proposals from previous years which continue to produce savings in 2015/16, including non-residential care charging, consistent and effective use of existing eligibility criteria, changes to stairlift maintenance contracts, in house social care provision and efficiencies in relation to management and support services.
 - (ii) Some proposals may lead to positive impacts, for example a proposed procurement exercise to develop additional reablement services in the independent sector is expected to support people to remain in their own

homes for longer and lead to fewer, or lower level, care packages. In addition the continuing impact of the Early Help Strategy and the Looked After Children's Reduction Strategy will mean fewer children looked after and more adopted, and fewer children looked after in children's homes.

- (iii) A further review of in-house day care services will be undertaken looking at re-profiling the service. This may have a potential impact on services users, many of whom are older and/or disabled. Consideration will also be given to the impact on staff which is a predominately female workforce.
- (iv) The delivery of a new youth support strategy will impact mainly on young people with a key objective to increase the proportion of youth service spend on targeted support and achieve a more equitable balance between universal provision delivered through open access evening youth provision and targeted youth support.
- (v) The Early Years Strategy and Review was agreed by Cabinet on 19th March 2014. The outcome of the review proposed a new model of service delivery for children and families in early years and a proposed change to the number of children's centres. The identified equalities impact will be on children, young people, families and women. However, the proposed changes are expected to lead to improved service delivery, with an emphasis on targeting resources where deprivation and needs are highest. It will also make better use of existing buildings in the heart of communities to improve access and use of these services.

153 Neighbourhood Services proposals mainly relate to staffing restructures, changes in service delivery and increased income. The assessments indicate potential impacts across all characteristics in relation to staffing reviews whilst there are potential service impacts on age, gender and disability. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

- (i) Existing proposals from previous years produce savings in 2015/16, including the charging for garden waste collection services due to be implemented in 2015, and changes to street lighting provision.
- (ii) The proposal to identify a strategic partner to work with Culture and Sport to develop a cinema, film and catering offer across the county relates in particular to current facilities at the Gala Theatre in Durham and within Bishop Auckland Town Hall. Any changes to services or staffing would be subject to a more detailed impact assessment following agreement for the project to proceed. The Council will expect the provider to maintain the same levels of accessibility and adhere to and advance equality and diversity aims and objectives already embedded within our policies and procedures. This project has the potential to enrich communities and foster good relations between

people by providing the opportunity to embrace diversity through film and theatre.

- (iii) Restructure and staffing reviews relating to Direct Services are likely to affect staff and could impact staff from any or all of the protected characteristics. There may be potential service delivery impacts as a result of rationalisation and wherever possible this would be mitigated by better use of resources. The impact on sustainability and continuation of services would be considered where appropriate in specific impact assessments.
- (iv) Restructure and staffing review within Strategic Highways and Culture and Sport will lead to overall reduction in number of posts and changes in responsibilities. However, operational delivery of these services will not be affected.

154 RED and Resources proposals both relate to further staffing restructures, residual savings as a result of previous staffing restructures and efficiencies from supplies and services. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

155 Corporate proposals relate to a reduction in staff car mileage rate to be implemented in 2015 and existing proposals including the use of more sustainable travel options such as use of pool cars and promoting use of video conferencing to minimise travel requirements. Although there are no service delivery impacts identified related to these proposals, and these proposals would be applied consistently to all eligible employees, it should be noted that there may be specific impacts on women and disabled employees. Potential impacts have been identified for low paid female employees and staff with a disability who need to use their own car for work purposes.

Cumulative Impacts

156 Carrying out equality impact assessments on MTFP proposals helps us to understand the cumulative impact across a range of savings proposals. Generally impacts in relation to previous proposals related to loss of or reduced access to a particular service or venue and travel to alternative provision, increased costs or charges and service re-modelling including reductions in staff. This had the potential to impact on all protected characteristics however because it is more likely to affect those on low income, people without access to personal transport and those reliant on others for support there were particular impacts in relation to disability, age and gender.

157 Changes to universal services such as street lighting, bin collection and our cultural offer are less likely to have a disproportionate impact on any one group. However there are exceptions such as reductions in contracted public bus services, changes to libraries' opening hours and closure of leisure centres.

- 158 Dedicated services such as social care, Day Care and home to school transport have more specific and sometimes disproportionate impacts for particular groups such as people with a disability and women, particularly those with a caring responsibility.
- 159 Current savings proposals have similar impacts 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 and continue to have a greater effect in terms of disability, age and gender. There are potential impacts for community groups with a proposed reduction in grant funding. 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.
- 160 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.
- 161 There are a number of 2015/16 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.
- 162 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

- 163 The equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible. Details of the impacts identified at this stage will be updated for the final Cabinet and Council decision-making meetings.
- 164 The main equalities impacts of the 2015/16 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.

Recommendation

- 165 **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

- 166 The Council's original estimated 1,950 reductions to posts by the end of 2014/15. It is forecast that after taking into account 2015/16 savings plans the figure will still be around 1,950.
- 167 In order to achieve this, the Council will take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce. The target will require a continued approach of forward planning, the change involving the forecasting of employee turnover, retaining vacant posts in anticipation of any required change, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce.

- 168 In addition, the way that work is organised and jobs designed will be reviewed by service groupings, to ensure that changes that are made maximise the use of the workforce numbers and skills and introduce flexibility into the way work is organised to maximise the capacity of the remaining workforce.
- 169 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

- 170 The Localism Act 2011 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.
- 171 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.
- 172 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.
 - (vii) The publication of and access to information relating to remuneration of Chief Officers.
- 173 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 includes the fees of the Returning Officer and deputies and other personnel employed in county or parish elections.

174 The Pay Policy Statement at Appendix 10 is for Council consideration and outlines the details for the authority for 2015/16, in line with the above requirements.

Recommendations

175 **It is recommended that Members:-**

(i) Approve the Pay Policy Statement at Appendix 10.

Members Allowance Scheme 2015/16

176 Under the Local Authorities (Member's Allowances) (England) Regulations 2003 ("the regulations"), Council must make a Scheme of Allowances in accordance with the Regulations which provide for the payment of an allowance in respect of each year to each Member of the Council. This is referred to as "the basic allowance".

177 The scheme may also provide for the special responsibility allowances 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.

178 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 in relation to it by the Independent Remuneration Panel. The scheme may be amended at any time and where an amendment is to be made which affects an allowance payable for the year in which the amendment is made, the scheme may provide for the entitlement to such allowance as amended to apply with effect from the beginning of the year in which the amendment is made.

179 On 21 January 2015, Council considered a report, referring to the outcome of the Constitution Working Group's consideration of the recommendations of the Independent Remuneration Panel for 2014/15. Although the panel had made recommendations for an increase in members' basic allowance of 1% and to change the car mileage rate to 48p, Council resolved to make no changes for 2014/15. By this 21 January 2015 Council meeting, the panel had made its recommendations for 2015/16 of "no change" to the scheme.

180 Council is required to formally review the scheme of allowances for the year 2015/16 and the recommendations in this report include a recommendation for Cabinet to recommend to Council no changes to the members' allowances scheme for 2015/16 but to consolidate the current 3 rates of car mileage for members to 45 pence per mile from 1 April 2015. The current 3 rates are shown in the table below:

Current Car Mileage Rates	
Exceeding 500cc but not exceeding 999cc	34.6p a mile
Exceeding 999cc but not exceeding 1199cc	39.5p a mile
Exceeding 1199cc	48.5p a mile

181 By consolidating the car mileage rate to 45 pence per mile will make an estimated annual saving of £7,000 which will contribute to the 2015/16 savings target in the Resources Service Grouping (RES 13).

Recommendations

182 **It is recommended that Members:-**

- (i) agree to recommend to Council that there be no changes to the Members' Allowance Scheme for 2015/16, save for consolidating Members' Car Mileage Allowances to 45 pence per mile.**

Risk Assessment

183 The Council has previously recognised that a wide range of financial risks need 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 (5) period. Some of the key risks identified include:

- (i) Ensure the achievement of a balanced budget and financial position across the MTFP (5) 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 December 2014 Autumn Statement. In recent years the level of funding cuts required for Local Government have increased every year.
- (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 (5).

- (vi) The MTFP (5) 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. Many Council' contractors would be likely to request above inflation contract price increases if the minimum wage increased at a level above inflation.
- (vii) The outcome of the 2015 General Election on 7 May 2015 could impact local government. It is likely that there will be a Comprehensive Spending Review in the autumn of 2015. The impact of this will need to be considered as part of the development of MTFP (6).

Recommendation

184 **It is recommended that Members:-**

- (i) Note the risks to be managed over the MTFP (5) period.**

Dedicated Schools Grant (DSG) and School Funding – 2015/16

- 185 From April 2013 the Government reformed the statutory guidelines under which the local authority allocates funding to individual schools. This “simplified system” places more emphasis on pupil driven factors and restrictions on the formula funding factors that can be applied by the local authority to direct funding to individual schools and represented a significant change in County Durham, where a set of bespoke specific formula factors had been established over a number of years.
- 186 From April 2015, the Government is amending the way in which funding for primary and secondary schools is provided to local authorities. These changes involve the re-allocation of funding between areas on the basis of pupil numbers, pupil need (based on deprivation, prior attainment, looked after children, pupils with English as an additional language), sparsity and numbers of schools in each local authority area.
- 187 In order to ensure that no authority was worse-off as a result of this re-allocation, £350m of additional funding has been made available in 2015/16 to increase national allocations. Primary and Secondary Schools in Durham have benefited from the new basis of allocation methodology and for 2015/16 this results in an increase per primary or secondary pupil from £4,572.50 to £4,640.88 which equates to c£4.2m additional funding into County Durham.
- 188 Primary and secondary funding will also increase by c£3.59m as a result of additional delegation in respect of capitalised structural maintenance, for which the Council is no longer allowed to retain DSG centrally next year; the Council will retain the same responsibilities in respect of capitalised

maintenance, but will have less funding available, which will restrict the works that it can undertake. Schools have been advised that they may need to be prepared to set aside funding from their delegated budget to contribute towards the cost of less urgent works.

- 189 Transitional protection from the impact of the formula changes introduced from 2013/14 onwards is provided through the Minimum Funding Guarantee (MFG), which limits the year on year change in funding per pupil for each school: the maximum decrease any school would face is 1.5%. The cost of providing this protection is met by capping increases in funding per pupil; in 2015-16 the maximum increase is likely to be around 9%. The MFG only protects schools from the impact of the formula changes, not from the impact of falling roll numbers and is designed so that over time the amount of protection reduces. The Government has not made any commitments about the MFG beyond 2015/16.
- 190 There are no significant changes to the primary and secondary formula for 2015/16. The main change arises from pupil numbers and increases in the amount of funding available to be delegated to schools. Consultation on the formula factors to be applied in 2015/16 has been through the Schools Forum and via the Schools Extranet.
- 191 The DSG is notionally split into three 'blocks': Early Years, High Needs and Schools.
- 192 The Early Years block provides funding for 3 to 4 year old provision, which includes Early Years Single Funding Formula (EYSFF) to maintained Nursery Schools, nursery units in primary schools and academies, and Private, Voluntary and Independent sector providers for 570 hours of free early education or childcare a year.
- 193 In addition to funding through the EYSFF, the maintained nursery schools also receive funding through a formula. The formula includes an amount per pupil, a deprivation element, a lump sum and an allowance for rates.
- 194 The High Needs Block provides for pupils with high cost SEN (requiring provision costing more than £10,000 per year), including specialist placements, place based funding for special schools, top-up funding to reflect additional costs for individual pupil support and SEN support services.
- 195 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.

196 DSG funding for 2015/16 is as follows:-

Table 19 – DSG Funding

DSG Block	Amount per pupil £/pupil	Pupils	DSG Allocated £m	Additional Funding £m	Total DSG Allocation £m
Schools Block	4,640.88	61,566	285.720	1.128	286.848
Early Years Block	3,866.10	4,408	17.042	0.553	17.595
High Needs Block	-	-	46.911	-	46.911
Total DSG			349.673	1.681	351.354
Pupil Premium				26.600	26.600
Total			349.673	28.281	377.954

- 197 Primary and secondary formula funding for Academies in County Durham totals £70.790m. This funding is recouped by the Education Funding Agency and allocated directly to the individual schools, leaving £280.564m of DSG funding payable to the Council for maintained schools.
- 198 Funding is being provided through the DSG to provide free early education places for eligible 2 year-olds from lower income households. The basis of the allocation is changing for 2015/16 to participation funding (based on census data taken in January 2015 updated by an autumn census) for early education entitlement for two year olds from 2015/16. The DfE will not announce the 2015/16 allocations until June 2015. The rate per hour for Durham has been confirmed as £4.85 per hour which is in line with the current level of hourly payments to providers.
- 199 Pupil premium for schools and academies in Durham for 2014/15 is £26.35m. For 2015/16 the premium per pupil for primary pupils is increasing from £1,300 to £1,320; for secondary pupils there is no change and the premium remains at £935; and for looked after children there is no change and the premium remains at £1,900. Pupil numbers eligible for pupil premium for 2015/16 are not yet confirmed, but it is estimated that the premium for schools and academies in Durham will be in the region of £26.60m for 2015/16.
- 200 From April 2015, the DfE are introducing an Early Years Pupil Premium for disadvantaged three and four year olds the eligibility criteria for which is in line with the school age pupil premium. This will be paid at the rate of £300 per year for each eligible child and whilst pupil numbers eligible for this premium for 2015/16 are not yet confirmed, it is estimated that the premium will be in the region of £0.55m for 2015/16.

Recommendation

201 It is recommended that Members:

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

Housing Rents

202 The Council is on track to transfer its housing stock of circa 18,500 dwellings to the County Durham Housing Group (CDHG) on 23 March 2015. Therefore, for 2015/16 onwards Durham County Council will no longer maintain a statutory ring-fenced Housing Revenue Account.

203 Regulations require that tenants receive at least four weeks' notice of a change in housing rents and therefore Durham will be required to set rents for the final time for 2015/16. In future, this will be the responsibility of the County Durham Housing Group.

204 Under current national rent policy the Government sets a guideline increase or decrease based on the consumer price index in the previous September plus 1%. The increase in rents for 2015/16 consists of the CPI as at September 2014 of 1.2% and a real increase of 1%.

205 Applying the Government's guidelines results in an overall average increase of 2.20% for Durham which yields an average rent of £70.20 per week in 2015/16 (based on 52 weeks). The following table shows the impact on the average rent levels across the three management areas:-

Table 20 – 2015/16 Rent Levels

	Durham City		Easington		Wear Valley		Total	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	£	£	£	£	£	£	£	£
Average Rent	71.23	72.80	66.42	67.88	69.56	71.09	68.69	70.20
Maximum Rent	103.07	105.34	84.44	86.30	116.39	118.95	116.39	118.95
Minimum Rent	51.55	52.68	51.53	52.66	30.52	31.19	30.52	31.19

Table 21 - Average Changes in Rent 2014-15 and 2015-16

	Durham City		Easington		Wear Valley		Total	
	%	£	%	£	%	£	%	£
Average Increase	2.20	1.57	2.20	1.46	2.20	1.53	2.20	1.51

Garage Rents

206 The HRA currently includes responsibility for managing and maintaining around 3,200 garages which generate income to the account. For 2015/16 it is proposed that increases in garage rents are linked to the CPI as at September 2014 of 1.2% plus 1 percentage point (for consistency with the annual rent increase for dwellings). Private tenants are required to pay VAT on garage rents, whilst Council tenants are excluded from the VAT charge. The proposed weekly charges for 2015/16 (based on 52 weeks) are £7.26 (for council tenants who are exempt from VAT) and £8.71 (for private tenants where we need to charge VAT).

Recommendation

207 **It is recommended that Members agree:-**

- (i) To set dwelling rents for 2015/16 in accordance with Government guidelines which result in an overall average increase of 2.2%.**
- (ii) To increase garage rents by 2.2% which is in line with CPI as at September 2014 plus 1 percentage point.**

Prudential Code

208 This section outlines the council's prudential indicators for 2015/16 to 2017/18 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.

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

209 The Annual Investment Strategy for 2015/2016 has been amended as follows:

- (i) The option of investing in Certificates of Deposit (CDs) has been introduced. CDs are more flexible than fixed term deposits and can be redeemed before the maturity date if required. They also give access to counterparties that do not offer traditional fixed term deposits.
- (ii) The monetary limits for Money Market Funds have increased to £20m per fund (overall £100m) in 2015/2016, from £10m (overall £50m) in 2014/2015. This is a recommendation by Capita, the Council's Treasury Management advisor, and is intended to provide an alternative source of investment should the rates on Bank instant access accounts fall further.

Recommendation

210 **It is recommended that Members:-**

- (i) Agree the Prudential Indications and Limits for 2015/16 – 2017/18 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 2015/16 contained in the Treasury Management Strategy (Appendix 11 and the detailed criteria included in Appendix 11).**

Summary of Recommendations

211 **It is recommended that Members:-**

(a) 2015/16 Revenue Budget

- (i) Approve the identified base budget pressures included in paragraph 72.
- (ii) Approve the investments detailed in the report.
- (iii) Approve the savings plans detailed in the report.
- (iv) Approve a 1.99% increase in Council Tax.
- (v) Approve the Net Budget Requirement of £409.873m.

(b) MTFP (5)

- (i) Agree the forecast 2015/16 to 2017/18 MTFP (5) 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 Finance and to Cabinet.
- (iii) Aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £31m.

(c) Capital Budget

- (i) Approve the utilisation of £5m Residential Homes Capital Budget to support the MTFP (5) Capital Programme.
- (ii) Note the reduction in the 2014/15 Highways Maintenance Capital Budget due to the £1.594m reduction in the forecast LTP grant.
- (iii) Approve the revised 2014/15 Capital Budget of £149.253m.
- (iv) Approve the additional capital schemes detailed at Appendix 8. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from the £5m transfer from the Residential Homes Capital Budget.
- (v) Approve the MTFP (5) Capital Budget of £365.261m for 2014/15 to 2017/18 detailed in table 18.

(d) Savings Proposals

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

(e) Equality Impact Assessment

- (i) Consider the equality impacts identified and mitigating actions bit hint he 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.

(f) Pay Policy

- (i) Approve the Pay Policy Statement at Appendix 10.

(g) Members' Allowances

- (i) Agree to recommend to Council that there be no changes to the Members' Allowance Scheme for 2015/16, save for consolidating Members' Car Mileage Allowances to 45 pence per mile.

(h) Risk Assessment

- (i) Note the risks to be managed over the MTFP (5) period.

(i) Dedicated Schools Grant

- (i) Note the position of the Dedicated Schools Grant.

(j) Housing Rents/Garage Rents

- (i) To set dwelling rents for 2015/16 in accordance with Government guidelines which result in an overall average increase of 2.20%;
- (ii) To increase garage rents by 2.2% which is in line with CPI as at September 2014 plus 1 percentage point.

(k) Prudential Code

- (i) Agree the Prudential Indications and Limits for 2015/16 – 2017/18 contained within 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 in Appendix 11.
- (iv) Agree the Investment Strategy 2015/16 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 2015/16 Budget and for the MTFP(5) period 2015/16 – 2017/18.

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(5) 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 2015/16. It also has a fiduciary duty not to waste public resources.

Appendix 2: Durham County Council Specific Grants 2015/16

SPECIFIC GRANT	2014/15	2015/16	Variance
	£m	£m	£m
Community Rights to Challenge	0.017	0.000	-0.017
Local Welfare Provision	1.900	0.000	-1.900
Extended Free Rights to Transport	1.086	0.999	-0.087
Public Health	45.780	45.780	0.000
Local Reform and Community Voices	0.510	0.380	-0.130
Prisons Social Care - New Burden	0.000	0.365	0.365
Inshore Fisheries	0.014	0.014	0.000
Local Lead Flood Authorities	0.070	0.047	-0.023
LCTRS New Burdens	0.267	0.121	-0.146
Housing Benefit Administration	4.091	3.765	-0.326
Social Care Act New Burdens	0.000	2.770	2.770
Education Services Grant	7.523	6.002	-1.521
Discretionary Housing Payment	1.096	0.982	-0.114

Appendix 3: Durham County Council Budget Consultation

Full Tables of responses

Q1 Since the public consultation in 2013, has anything changed in your area that you feel would affect which services should have larger or smaller reductions?

	Frequency	Percent
Yes	224	34.5%
No	425	65.5%
Total	649	100.0%

Q2 If so, please outline the changes.

Smaller Reductions	Number of mentions
Subsidised Bus Travel	36
Roads, footpaths, traffic and lighting	26
Job Creation	21
Support for Community Projects, Centres, Partnerships and Groups	20
Collection, disposal and recycling of waste	13
Street Cleaning	13
Social Work and Protecting Vulnerable Children and Adults	11
Grass cutting, trees and flower beds	10
Services to keep people safe	9
School Support and Education Services	8
Sports, parks and play areas	8
Day Centres and support for families	7
Gritting and Snow Clearance	6
Libraries	6
Support for Adults in their Homes	3
Art, museums and theatres	2
Other	6
TOTAL	237

Larger reductions:	Number of mentions
Finance, Legal, information Technologies and Human Resources	7
Gritting and Snow Clearance	4
Roads, footpaths, traffic and lighting	4
Democratic Support - Decisions and Elections	2
Social Work and Protecting Vulnerable Children and Adults	2
Street Cleaning	2
Other	11
TOTAL	237

Q3 Where a local organisation has shown interest, should the council explore the opportunity of them managing a facility or service to reduce the impact of budget savings on communities?

	Frequency	Percent
Yes	573	92.7%
No	45	7.3%
Total	618	100.0%

Q4 Are there any council facilities or services in your area that could be managed by local people? If so, please outline them below.

Facilities which could be managed by local people	Number of mentions
Libraries	59
Community centres	40
Grass Cutting, flower beds	19
Sports facilities	16
Leisure centres	12
Parks	11
Street Cleaning	10
Surestart/Day centres	8
Litter pick/Dog waste (emptying)	6
Other	27
TOTAL	225

Equalities Breakdown

Responses were broadly representative of all age groups (shown in the table below), although older people were more likely to take part and make reference to experiencing changes since the last consultation than younger people.

In addition, supplementary consultation with 724 children and young people at a series of school based events was conducted in the east of the county.

What is your age?	Frequency	Percent
Under 16	16	3.0%
16-24	36	6.8%
25-44	125	23.5%
45-54	110	20.7%
55-64	113	21.3%
65-74	92	17.3%
75+	39	7.3%
Total	531	100.0

The responses from the different age groups to the question asking if anything had changed in the area are shown below.

Since the public consultation in 2013, has anything changed in your area that you feel would affect which services should have larger or smaller reductions? * What is your age?				
What is your age?		Yes	No	Total
Under 45	Frequency	55	108	163
	Percentage	33.7%	66.3%	100.0%
45-64	Frequency	71	132	203
	Percentage	35.0%	65.0%	100.0%
65+	Frequency	49	71	120
	Percentage	40.8%	59.2%	100.0%
Total	Frequency	175	311	486
	Percentage	36.0%	64.0%	100.0%

When asked to outline those changes Over-65s responded to changes affecting the following services. These focused mainly on applying a smaller reduction with only three respondents citing services for a higher reduction.

Smaller Reductions:	Number of Responses
Subsidised Bus Travel	9
Roads, footpaths, traffic and lighting	5
Social Work and Protecting Vulnerable Children and Adults	5
Services to keep people safe	4
Collection, disposal and recycling of waste	3
Libraries	3
Street Cleaning	3
Support for Community Projects, Centres, Partnerships and Groups	3
Grass cutting, trees and flower beds	2
Gritting and Snow Clearance	2
Job Creation	2
Support for Adults in their Homes	2
Other	3
TOTAL	49

Other protected characteristic groups

We received feedback from individuals from various protected characteristic groups such as:

- Gender
- Disability
- Religion or belief
- Sexual orientation
- Ethnicity

However, there were no discernible differences in the responses they made.

Appendix 4: Durham County Council MTFP Budget Saving 2015/16**ASSISTANT CHIEF EXECUTIVE**

Saving	Description	2015/16
		£
ACE03	Management Review within ACE	132,340
ACE05	Research Activity	26,000
ACE16	Review of community grants	155,039
ACE19	Review of Parish Budget	34,650
ACE24	Adjustment for previous year use of cash limit	-69,992
TOTAL ACE		278,037

CHILDREN AND ADULTS SERVICE

Saving	Description	2015/16
		£
CAS01	Review of in-house social care provision	940,000
CAS02	Eligibility Criteria - Consistent and effective application of existing criteria	3,311,000
CAS03	Increased charging income in respect of Adult Care Provision	748,105
CAS04	Savings resulting from purchasing new stairlifts with extended warranties	40,000
CAS05	Management and Support Services, staffing structures and service reviews/rationalisation	4,056,386
CAS09	Review of Children's Care Services	1,186,416
CAS11	Adjustment for previous year use of cash limit	-1,879,000
CAS11	Use of Cash Limit	187,000
TOTAL CAS		8,589,907

NEIGHBOURHOODS SERVICE

Saving	Description	2015/16
		£
NS01	Restructure of Sport & Leisure	557,000
NS03	Structural reviews and more efficient ways of working	605,000
NS11	Review of Technical Services	275,000
NS17	Saving Deferred from 2014/15 - Implementation of charging for Garden Waste	933,000
NS24	Review of Heritage and Culture	298,500
NS29	Adjustment for previous years' use of cash limit	-130,000
NS29	Use of cash limit	80,000
TOTAL NS		2,618,500

REGENERATION AND ECONOMIC DEVELOPMENT SERVICE

Saving	Description	2015/16
		£
RED01	RED restructure	719,195
RED14	Review of supplies and services across RED Service grouping	560,500
Total RED		1,279,695

RESOURCES

Saving	Description	2015/16
		£
RES02	Reduction in Supplies and services and other non staffing budgets through efficiencies - Corporate Procurement	8,137
RES13	Management restructure of Legal & Democratic Services and Reduction in Members' Car Mileage Rate	130,726
RES14	Restructure of HR Service	648,417
RES16	Restructure of ICT Service	472,155
RES17	Reduction in supplies and services and other non staffing budgets through efficiencies (e-billing, postages etc.) - Financial services	548,699
RES21	Internal Audit and Risk staffing rationalisation	56,808
RES22	Court cost fee income - summons and liability costs recovered - Financial services	85,235
RES23	Welfare Rights	25,000
RES24	Adjustment for previous year use of cash limit	-358,000
TOTAL RES		1,617,177

CORPORATE

Saving	Description	2015/16
		£
COR12	Reduction in car mileage rate	240,000
COR14	Saving from employees not being a member of the Local Government pension scheme	184,000
COR15	Saving from employees purchasing additional leave	285,000
COR16	Income from capital receipts below de minimis value of £10k	100,000
COR17	Fleet review inc. car mileage volume reduction	591,000
COR18	Durham Villages Regeneration Limited dividend payment	200,000
COR 19	Fuel Price Reduction	300,000
TOTAL COR		1,900,000

SUMMARY

Description	2015/16
	£
ASSISTANT CHIEF EXECUTIVES	278,037
CHILDREN AND ADULTS SERVICES	8,589,907
NEIGHBOURHOOD SERVICES	2,618,500
REGENERATION & ECONOMIC DEVELOPMENT	1,279,695
TOTAL RESOURCES	1,617,177
TOTAL CORPORATE	1,900,000
TOTAL SAVINGS	16,283,316

Appendix 5: Durham County Council Budget Summary – By Service Grouping

2014/15 Original Budget £000	2014/15 Projected Outturn £000		2015/16		
			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		<u>Council Controlled Budgets</u>			
10,200	10,725	Assistant Chief Executive	12,411	2,248	10,163
275,231	270,397	Children and Adults Service	469,855	218,405	251,450
109,765	113,554	Neighbourhood Services	228,670	124,434	104,236
42,653	43,877	Regeneration and Development	66,726	41,267	25,459
14,447	14,456	Resources	70,899	55,044	15,855
3,452	3,153	Corporate Costs	4,646	145	4,501
7,706	8,908	Contingencies	5,690	0	5,690
463,454	465,070		858,897	441,543	417,354
		<u>Non Council Controlled Budgets</u>			
0	0	Schools	313,205	313,205	0
0	0	Benefits	190,759	190,759	0
0	0		503,964	503,964	0
463,454	465,070	NET COST OF SERVICES	1,362,861	945,507	417,354
-50,474	-50,474	Reversal of Capital Charges			-48,977
38,444	33,791	Interest payable and similar charges			38,530
-1,441	-1,689	Interest and investment income			-1,641
		<u>Levies</u>			
0	0	North East Combined Authority			16,076
409	409	Environment Agency - Flood Defence			415
63	63	North East Inshore Fisheries Conservation Authority			64
450,455	447,170	NET OPERATING EXPENDITURE			421,821
-52,342	-52,342	Business Rates - local share			-54,809
-59,357	-59,357	Top up Grant			-60,491
-138,710	-138,710	Revenue Support Grant			-100,240
0	0	Business Rate Collection Fund Surplus			-500
-6,784	-6,783	New Homes Bonus			-8,322
-390	-381	New Homes Bonus - re-imburement			-377
-5,101	-4,642	Section 31 Grant			-4,998
-7,237	-7,490	Education Services Grant			-6,002
-8,140	-8,265	Use of Earmarked Reserves			-11,511
-2,617	-993	Use of Cash Limit Reserves			-437
-933	637	Use of General Reserve			0
168,844	168,844	AMOUNT REQUIRED FROM COUNCIL TAX PAYERS			174,134

Appendix 6: Durham County Council Budget Summary – By Expenditure and Income Type

	Original Budget 2014/15	2014/15 Projected Outturn Position	Original Budget 2015/16
	£'000	£'000	£'000
Employees	483,046	491,055	470,911
Premises	49,510	55,132	50,757
Transport	46,657	45,727	47,915
Supplies & Services	113,798	128,237	111,589
Agency & Contracted	260,165	269,246	307,725
Transfer Payments	206,771	206,527	204,317
Central Costs	94,797	85,067	96,263
Other	12,637	14,649	18,603
Capital Charges	50,474	50,474	48,977
Contingencies	7,706	8,908	5,690
GROSS EXPENDITURE	1,325,561	1,355,022	1,362,747
Income			
- Specific Grants	539,986	542,908	580,428
- Other Grants & contributions	25,830	30,594	53,488
- Sales	5,367	5,147	5,966
- Fees & charges	104,308	104,729	104,473
- Rents	5,470	5,778	6,494
- Recharges	174,150	191,958	186,789
- Other	6,996	8,838	7,755
Total Income	862,107	889,952	945,393
NET COST OF SERVICES	463,454	465,070	417,354
Capital charges	-50,474	-50,474	-48,977
Interest and Investment income	-1,441	-1,689	-1,641
Interest payable and similar charges	38,444	33,791	38,530
Levies			
North East Combined Authority	0	0	16,076
Environment Agency - Flood Defence	409	409	415
North East Inshore Fisheries Conservation Authority	63	63	64
Net Operating Expenditure	450,455	447,170	421,821
Less:			
Use of Reserves:			
Earmarked Reserves	-8,140	-8,265	-11,511
Cash Limit	-2,617	-993	-437
General	-933	637	0
Net Budget Requirement	438,765	438,549	409,873

	Original Budget 2014/15	2014/15 Projected Outturn Position	Original Budget 2015/16
	£'000	£'000	£'000
Financed by:-			
Business Rates - local share	-52,342	-52,342	-54,809
Top up Grant	-59,357	-59,357	-60,491
Revenue Support Grant	-138,710	-138,710	-100,240
Amount required from council tax payers	-168,844	-168,844	-174,134
Business Rate Collection Fund Surplus	0	0	-500
New Homes Bonus	-6,784	-6,783	-8,322
New Homes Bonus - re-imburement	-390	-381	-377
Section 31 Grant	-5,101	-4,642	-4,998
Education Services Grant	-7,237	-7,490	-6,002
Total Financing	-438,765	-438,549	-409,873

Appendix 7: Medium Term Financial Plan - MTFP(5) 2015/16 - 2017/18 Model

	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Government Funding			
Government Net Funding Reduction	31,633	38,000	28,000
Town and Parish Council RSG Adjustment for LCTRS funding	-270	-196	-211
Business Rates - RPI increase (2%/2%/2%)	-1,005	-1,070	-1,090
Top Up Grant - RPI increase (2%/2%/2%)	-1,134	-1,210	-1,240
Section 31 Grant	-509	-70	-70
Other Funding Sources			
Council Tax Increase (2% per annum)	-3,370	-3,440	-3,510
New Homes Bonus	-1,538	-1,000	0
Council Tax Base increase	-1,891	-1,000	-750
Business Rates Tax Base Increase	-850	-500	0
Business Rates 2014/15 Collection Fund Surplus	-500	500	0
Replenishment of 2014/15 Use of General Reserve	933	0	0
NHS Funding - Social Care Transformation	-15,864	-4,432	0
Estimated Variance in Resource Base	5,635	25,582	21,129
Pay inflation (2.2% (15 months) - 1.5% - 1.5%)	2,750	3,300	3,200
Price Inflation (1.5% - 1.5% - 1.5%)	2,650	2,450	2,400
Corporate Risk Contingency Budget	-382	-3,018	0
Base Budget Pressures			
Employer National Insurance increase - State Pension changes	0	4,700	0
Single Status Implementation	0	0	4,500
Council Housing - costs related to Stock Transfer	3,550	0	0
Additional Employer Pension Contributions	760	940	1,000
Energy Price Increases	250	500	500
Durham Living Wage	250	0	0
Concessionary Fares	320	100	100
Welfare Assistance	1,000	0	0
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000
Use of Earmarked Reserve in CAS	-1,000	-1,000	-1,000
Prudential Borrowing to fund new Capital Projects	2,000	2,000	2,000
Capital Financing for current programme	-2,500	0	0
TOTAL PRESSURES	10,648	10,972	13,700
SUM TO BE MET FROM SAVINGS	16,283	36,554	34,829
Savings	-16,283	-36,554	-34,829
Deferred Savings (Utilisation of PDP)	0	0	-10,000
SAVINGS REQUIREMENT	-16,283	-36,554	-44,829
Planned Delivery Programme (PDP)	0	10,000	10,000
REVISED SAVINGS REQUIREMENT	-16,283	-26,554	-34,829
Cumulative Use of PDP Reserve To Support MTFP	0	10,000	20,000

Appendix 8: Durham County Council Current Capital Programme - 2014/15 To 2017/18

Service Grouping	Scheme	2014/15	2015/16	2016/17	2017/18
ACE	Members Neighbourhood Fund	2,493,019	1,764,000	-	-
ACE	Community Buildings	949,645	1,154,618	-	-
ACE	Area Action Partnerships (AAP)	298,647	336,000	-	-
ACE	Community Facilities in Crook	-	513,007	-	-
ACE Total		3,741,311	3,767,625	-	-
CAS	Learning Disability Provider Services	62,105	-	-	-
CAS	Adult Care	5,841,107	-	-	-
CAS	Commissioning Service	100,700	-	-	-
CAS	Planning & Service Strategy	40,000	105,000	101,000	314,962
CAS	Social Inclusion	17,673	-	-	-
CAS	Building Schools for the Future (BSF)	22,592,158	18,107,657	-	-
CAS	BSF Public finance Initiative Contribution	786,870	-	-	-
CAS	Childrens Homes	67,142	-	-	-
CAS	CAS AAP Scheme	3,623	-	-	-
CAS	Health Co-Location	349	-	-	-
CAS	Increased Provision for Two Year Olds	691,846	-	-	-
CAS	Public Health	1,860,180	-	-	-
CAS	Drugs Commissioning	65,000	-	-	-
CAS	Drug & Alcohol Premises Upgrade	685,000	-	-	-
CAS	School Devolved Capital	4,618,933	-	-	-
CAS	School Capitalised Maint. Inc Basic Need	18,493,219	13,625,548	2,422,871	-

Service Grouping	Scheme	2014/15	2015/16	2016/17	2017/18
CAS	DSG Structural Maintenance	4,566,171	2,614,949	-	-
CAS	School Modernisation	807,957	53,890	-	-
CAS	Childrens Access/Safeguarding	400,352	-	-	-
CAS	Free School Meals Support	1,275,221	-	-	-
		62,975,606	34,507,044	2,523,871	314,962
NEI	Outdoor Play Areas and Parks	939,992	2,272,260	9,890	12,000
NEI	Countryside Estates	52,945	-	-	-
NEI	Leisure Centres	784,010	6,500	-	-
NEI	Culture and Museums	190,791	-	-	-
NEI	AAP Schemes - Sport and Leisure	10,750	2,000	-	-
NEI	Library	1,564,006	-	-	-
NEI	Waste Infrastructure Capital	5,500,510	6,420,517	-	-
NEI	Customer Access Points	1,783,352	2,000,000	-	-
NEI	Vehicle and Plant	4,456,806	-	-	-
NEI	Waste Infrastructure - Refuse Collection	497,955	-	-	-
NEI	Building Services	96,597	-	-	-
NEI	Street Scene	366,555	369,644	-	-
NEI	AAP Schemes - Direct Services	54,288	-	-	-
NEI	Strategic Highways	24,840,517	24,728,905	3,809,592	7,619,176
NEI	Strategic Highways Bridges	2,290,000	-	-	-
NEI	Construction Prog. & Project Mangt. Unit	20,681	-	-	-
NEI	Highway Operations	24,644	575,000	-	-
NEI Total		43,474,399	36,374,826	3,819,482	7,631,176

Service Grouping	Scheme	2014/15	2015/16	2016/17	2017/18
RED	Town centres	2,407,490	4,614,461	-	-
RED	Industrial Estates	509,457	12,900,000	-	-
RED	Barnard Castle Vision	595,540	508,028	112,510	-
RED	Office Accommodation	780,697	2,310,286	-	-
RED	Gypsy Travellers	5,196,953	1,150,000	-	-
RED	Eastgate	-	150,000	360,830	-
RED	Durhamgate	364,261	-	-	-
RED	North Dock Seaham	16,442	133,558	426,000	-
RED	Disabled Facilities/Financial Assistance	3,717,937	1,672,250	-	-
RED	Housing Renewal	3,851,922	2,444,619	-	-
RED	Ec. Dev. and Housing Minor Schemes	719,008	520,000	225,817	-
RED	Durham County Cricket Club	1,200,000	-	-	-
RED	Capitalised Structural Maintenance	6,670,557	9,607,839	-	-
RED	Renewable Technologies	627,246	2,963,879	238,794	-
RED	Woodham Community Tech. College	1,380	748,620	-	-
RED	Planning and Assets Minor Schemes	593,927	35,000	35,000	-
RED	Strat. Programmes Minor Schemes	7,043	729,254	-	-
RED	LTP - Integrated Transport	2,937,880	3,189,000	-	-
RED	Transit 15	190,000	210,000	-	-
RED	Major Transport	4,597,521	11,531,240	1,299,164	-
RED	Transport Corridors	1,575,551	1,253,549	-	-
RED	CCTV	237,589	60,000	-	-
RED	Transport Minor Schemes	10,500	250,000	-	-
RED Total		36,808,900	56,981,583	2,698,115	-

Service Grouping	Scheme	2014/15	2015/16	2016/17	2017/18
RES	Civica Pension Fund Administration System	398,775	-	-	-
RES	Technical Services	930	-	-	-
RES	Broadband / Digital Durham	4,573,026	9,751,398	4,858,843	-
RES	Code of Connection Compliance	80,000	-	-	-
RES	Corporate Mail Fulfilment	100,000	-	-	-
RES	Dark Fibre Networking	54,037	-	-	-
RES	GIS Architecture	71,238	-	-	-
RES	Homeworking	89,292	200,000	-	-
RES	Learning Gateway	106,921	81,014	-	-
RES	NHS Data Centre	3,128	-	-	-
RES	Tanfield Power Upgrade	-	250,000	-	-
RES	Archiving of obsolete systems	-	430,502	-	-
RES	Replacement of Desktop ICT Equipment	1,120,161	1,253,856	-	-
RES	Dark Fibre installations	315,001	475,000	-	-
RES	Public Internet Access Portal	37,000	-	-	-
RES	Ongoing Server replacement	110,000	110,000	-	-
RES	Tanfield Core Switching Replacement	8,994	63,790	-	-
RES	Tanfield Network Switching Replacement	-	482,449	-	-
RES	Business Continuity	159,390	-	-	-
RES	Vehicle Replacement	24,881	-	-	-
RES Total		7,252,774	13,098,009	4,858,843	-
	TOTAL PROGRAMME	154,252,989	144,729,087	13,900,311	7,946,138

Appendix 9: Durham County Council Additions To The 2015/16 - 2016/17 MTFP Capital Programme

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
ACE	Members Neighbourhood Budget	In order to fulfil their roles as community champions and to work in partnership with AAP's to address local priorities in their communities, elected members each had an original allocation of £10K capital per annum. This was also matched with a revenue allocation of £10k per annum leaving a total annual allocation per member of £20K. The allocations have now been adjusted with a £14k capital allocation and a £6k revenue allocation.	0	1,764,000	1,764,000
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 had an original allocation of £120,000 for local projects and investments. However, £24,000 of the revenue allocation has been transferred to capital.	0	336,000	336,000
		ACE Sub Total	0	2,100,000	2,100,000
CAS	Schools Devolved Capital	These sums are allocated to individual schools with the schools determining the investment.	1,424,000	0	1,424,000
CAS	DFE Capital Maintenance	Each year since 2011/12 local authorities have been allocated Schools Capital Maintenance Grant funding from DfE. This grant funding will address significant condition issues in schools across the county.	0	5,635,000	5,635,000
		CAS Sub Total	1,424,000	5,635,000	7,059,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
NEI	Local Transport Plan (LTP) - Adopted Highway Maintenance Grant	The LTP Adopted Highway Maintenance Grant Funding is annual capital grant funding from the Department for Transport. The grant is provided to support local authorities with their statutory responsibility to maintain the adopted highway in a safe condition.	0	11,886,000	11,886,000
NEI	Adopted Highway Maintenance	LTP Grant Funding is not sufficient for the Council to maintain the adopted highway network in an appropriate condition. Councils are expected to provide additional funding from their own resources.	0	2,756,000	2,756,000
NEI	Unadopted Highway Maintenance	The large majority of unadopted highway in the County is privately owned and it is the responsibility of the private owners to maintain. However, there is some unadopted highway which is owned by Durham County Council and therefore the Council is responsible for maintenance. This funding will enable the Council owned unadopted highway to be made up to adoptable standards on a priority basis and then maintained by the Council as adopted highway.	500,000	1,000,000	1,500,000
NEI	Flood Prevention	County Durham has suffered from multiple flooding events in recent years. The frequency and severity of flooding events is predicted to increase with climate change. The Council has a significant inventory of drainage assets (highway drainage, culverts, watercourses) and riverbanks. Additional funds are requested to increase flood prevention schemes countywide.	0	1,050,000	1,050,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
NEI	Thornley, Annfield Plain, Heighington & Stainton Grove Waste Transfer Stations	Since the original capital budget was approved in 2011/12, the 4 waste transfer stations have been returned to authority control (June 2013) and have been found to be in a far worse condition than anticipated. As a result, the scope of work has increased substantially, particularly on the 3 refurbishment schemes where we now have new significant packages of work including mechanical and electrical installations (CCTV, fire alarm, security alarm, external lighting etc), replacement weighbridges and enabling works to facilitate minimal or no closures during works operations where possible. The refurbishment schemes have been developed to a detailed design stage providing greater certainty over the requirements and estimates and the replacement Thornley scheme has been developed to a detailed feasibility study stage with the preferred option being a part refurbishment / significant new build option which was the lowest cost option available.	0	3,757,227	3,757,227
NEI	Changing rooms at Former Blackfyne site and Former Roseberry School	Blackfyne due to close June 2015. The Playing Pitch Strategy has identified this site as a hub for junior football provision . The existing school changing rooms are to be demolished as part of the development on this site. New changing rooms are required to accommodate teams on this site. Roseberry Comprehensive is due to close on 31st August 2014. The Playing Pitch Strategy has identified a shortfall of junior football pitches in this AAP area the existing school changing rooms are to be demolished as part of development of this site. New Changing rooms are required to accommodate teams on this site.	160,000	0	160,000
NEI	Restoration Wharton Park	In July 2013 Cabinet agreed to support a HLF bid for the £3m restoration of Wharton Park Durham City, the report set out DCC capital investment of £129,600 as match funding. This sum is part of that contribution.	0	59,200	59,200
NEI	Chester-le-Street Riverside Park Development	The outdoor paddling pool is now at the end of its life after 15 years of use. The pool is a valuable and well used asset in Riverside Park. Over the last 2 years a number of "patching" repairs have been undertaken to keep the pool open however it is now at the stage where a full refurbishment is required to ensure it continues to meet health and safety requirements.	250,000	0	250,000
		NEI Sub Total	910,000	20,508,427	21,418,427

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RED	Local Transport Plan	Local Transport Plan - Transport Improvements - The third Local Transport Plan was introduced in 2011. There are two funding block allocations from the Department for Transport - Integrated Transport and Maintenance. Funding agreed by DfT for 2014/15 was £3.183 million. DfT Integrated Transport Block (ITB) funding from 2015/2016 onwards will be given to the Combined Authority to distribute to the local authorities. 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 an expected reduction in the direct ITB allocation for DCC to £2.789 million for 2015/2016 and 2016/2017.	0	2,789,000	2,789,000
RED	Structural Capitalised Maintenance	Capitalised Maintenance - Planned structural maintenance to Council buildings thereby limiting the amount of reactive (revenue funded) maintenance required. The programme includes Alterations to Buildings Disability Discrimination Act - Continuing programme of alterations adaptations to public and operational buildings to meet our duties under the DDA and Fire Precaution Works - Fire detection and alarm installations to meet our obligations under the Regulatory Reform (Fire Safety) Order 2005	0	3,000,000	3,000,000
RED	Aykley Heads Project Development	Funding will enable progress to be made on the plan to redevelop the Aykley Heads site. Expenditure will be incurred on the following: <ul style="list-style-type: none"> • Replace & relocate the existing bowling green and croquet pitches at Houghall for phase 1 of Aykley Heads employment site delivery (ATOM) • Provision of landscaping, drainage, highway, utilities & lighting works to allow access for development sites (Infrastructure package) 	95,000	60,000	155,000
RED	Peterlee - North East Industrial Estate (NEIE)	The council seeks to facilitate redevelopment of NEIE for housing by a developer or development consortium in line with the County Durham plan. The estate was first developed around 50 years ago. The estate has seen decline over the years due to low demand. The budget would be used to; Acquire land and property interests as part of a comprehensive site assembly exercise; Demolish premises acquired; Relocate business interests and jobs to other sites in the locality; Compile a dedicated masterplan/development brief to serve as the cornerstone for marketing and ancillary expenditure necessary to secure the identified project objectives. The project is expected to: Achieve the beneficial redevelopment of 17 hectares of land, currently being used inefficiently in the form of an outmoded industrial estate; Create the opportunity for 390 new homes (including affordable provision), tied into surrounding neighbourhoods; Leverage in an estimated £75 million of private sector investment and relocate/safeguard a number of key local employers.	0	370,000	370,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RED	Festival Walk - Spennymoor	<p>Festival Walk – infrastructure / site preparation.</p> <p>With the Shopping parade having been in administration for more than five years, an opportunity now presents itself to work with the financiers / administrators to undertake demolition and remodelling work which will reshape and retain existing businesses while providing a development plot for a new user accommodated within a circa 16,000 sq ft gross new unit as well as retaining the existing retail offer / jobs.</p>	300,000	300,000	600,000
RED	Durham - North Road Development	<p>North Road will deliver a “step change” development project which will serve to enhance the retail offer, improve the pedestrian/retail environment, remove barriers between transport & retail zones to improve access and connections for pedestrians and create suitable and attractive transport facilities through highway improvements and a new bus station.</p> <p>With the intention to turn this part of Durham into an arrival gateway and destination location in itself, the main area of focus is to redevelop the northern end of North Road to create ‘North Place’. Phase 2 of the North Road redevelopment project will be to remediate the former bus station site and provide critical infrastructure to achieve maximum capital receipt to the Council. This spend to save focus includes:</p> <ul style="list-style-type: none"> - demolition of the existing buildings - rerouting the watercourse under the existing bus station - relocating the O2 mast on the building - repairing the significant retaining wall - removing the heavy oil interceptor - discharging all of the legal covenants that exist on the site 	350,000	965,000	1,315,000
RED	Durham City Urban Traffic Control (SCOOT)	<p>Improvements to traffic flow through Durham City - This proposal for this area of Durham involves the very busy and often congested A690 Corridor through Durham City and would introduce Urban Traffic Control to coordinate traffic signals and bringing greater efficiency to traffic flow. The scheme involves the signalisation of both Leazes Bowl Roundabout and Gillesgate Roundabout, and the creation of a virtual network of junctions including Church Street / Hallgarth Street, Elvet /Old Elvet, Elvet Puffin crossing and the existing junction at Millburngate roundabout.</p>	0	1,500,000	1,500,000
RED	A19/A189 Sheraton Junction	<p>Improvement to the layout and introduction of traffic signals. Existing traffic volumes at the busy interchange are causing significant safety concerns as motorists undertake unsafe manoeuvres to try and avoid significant queues which sometimes extend onto the A19 running carriageway. In the past 5 years 3 fatalities have occurred in this location together with 3 serious and 9 slight accidents. Attempts have been made to introduce low cost remedial measures however the only potential solution would be to signalise the junction.</p>	0	1,500,000	1,500,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RED	Disabled Facilities Grant - DCLG	<p>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.</p>	2,970,000	2,970,000	5,940,000
RED	Malvern Crescent, Seaham	<p>The project involves the acquisition of circa 0.38 ha (0.94 acres) of land which forms part of a larger housing allocation site (owned by the Council and included within a Joint Venture Agreement between the Council and The Homes & Communities Agency).</p> <p>The acquisition of the site is an obligation upon the Council in the Joint Venture agreement and, by Cabinet decision in February (to approve a materplan for the JV land) the Corporate Director of Regeneration and Economic Development in consultation with the Portfolio Holder for Economic Regeneration was authorised to acquire the subject land at Malvern Crescent to enable comprehensive development of the site.</p>	330,000	0	330,000
RED	Financial Assistance Policy (FAP)	<p>The private sector housing financial assistance policy provides a range of financial measures aimed at improving and maintaining healthy living conditions within existing private sector housing stock and seeks to help homeowners to 'future proof' their homes through improvement, repair and adaptation. The policy aims to assist those who are elderly, disabled or on a low income and cannot access funding from a commercial organisation. It also targets intervention to improve declining neighbourhoods that are in need of support by financially assisting individuals to bring long term empties back into use. The FAP provides, decent homes assistance loans, relocation, assisting in bringing empty properties back into use, improving conditions within the private rented sector and DFG top-up where the cost of work exceeds the maximum award or the client is unable to fund their contribution towards the works. Since the inception of the policy in 2009 an average of 70 properties have been improved to decent homes standard to a value of £1.2m annually. The average loan amount is £18,800. All loans are secured against the property by a restricted charge.</p>	0	250,000	250,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RED	Sherburn Road Retail Link Road	This project has been identified in the Durham Plan IDP to create a link road to relieve congestion on Dragon Lane and Dragonville retail area. The creation of the link will assist with the continued development of the wider area whilst helping to address existing congestion and air pollution issues. An additional sum of £1.8m will be required in 2017/18.	0	200,000	200,000
RED	Energy Efficiency - Retrofits	The Council can potentially save very large amounts of money in reduced energy bills by investing in energy efficiency retrofits on its buildings. Currently, however, there is no clarity on what our future buildings portfolio will be as a full review is underway. Once we know which buildings we are keeping the Carbon Management programme will develop and implement a full investment programme, designed to reduce energy costs. The improvements that could be delivered include heating and cooling efficiency works, insulation of buildings, pipes and valves, lighting upgrades, BMS and building improvements, renewable energy, voltage optimisation and other specialist technologies appropriate to specific buildings. It is not possible to itemise exact interventions until we know which buildings the council will be retaining.	0	500,000	500,000
RED	Energy Efficiency Programme	The request is to deliver an energy efficiency programmes covering 366 solid walled private sector properties at a total of £3,361,600 across Seaham, Southmoor in Stanley and Dean Bank, Ferryhill using a street by street approach. Potential match funding of £2,520,750 via objective 3 of the European Structural Investment Fund (£2,016,600) and Energy Company Obligation (£504,150) with the remaining £840,850 requested from DCC. An additional £280,283 will be required in 2017/18.	280,284	280,283	560,567

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RED	Town Centre Masterplan Priorities	<p>The Council have approved and adopted a suite of masterplans to deliver intervention programmes within its major centres;</p> <p>All the masterplans have been developed through rigorous consultation and each have an action plan and delivery focus for the Council. The programme is to continue to deliver priorities set as actions within the adopted 12 masterplans, for the County's main centres. Works within the main centres for the proposed 2016/2017 programme include</p> <p>Stanley - final phase of public realm improvements on Front Street and links to car parks/Clifford Road/proposed food retail outlets,</p> <p>Crook - to support the depot site development by improving pedestrian permeability to the new retail outlet,</p> <p>Peterlee - to improve pedestrian linkages to town centre, bus station and private sector food retailers and</p> <p>Bishop Auckland - address issues highlighted in the conservation area appraisal such as empty retail properties, improvement to the Market Place as a focal point for the town centre, improvement of pedestrian links between the town centre / market place, Auckland Castle and rest of Bishop Auckland</p> <p>This programme will complement works being undertaken in other areas of the capital programme.</p>	0	1,000,000	1,000,000
		RED Sub Total	4,325,284	15,684,283	20,009,567
RES	Replacement desktop program	<p>The end user equipment fleet (Desktops, Laptops and Tablet) consists of 8800 items. This is replaced on a four year cycle to ensure that the equipment is fit for purpose and delivers the service for the end users. We have successfully maintained the PC estate and will need to continue doing so to maintain the correct level of equipment. In order to comply with our PSN requirements we need to maintain the level of equipment and ensure it is current and up to date</p>	0	1,000,000	1,000,000
RES	Wireless network replacement	<p>The corporate wireless/WiFi network covers many of the council's offices across the county. The infrastructure is made up from 300 access points with associated system controllers and management tools. Notably, the current system is made up several legacy systems. The existing network was installed pre-LGR and needs to be upgraded to offer additional capacity for modern ways of working and extra features to meet security standards and maintain PSN compliance. This project will introduce a more reliable service with wider coverage that will meet the needs of the authority for the next 4 years.</p>	0	250,000	250,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RES	Server Replacement	This bid seeks to fund the replacement of aging servers that provide DEBS, databases (SQL) and servers currently running Windows 2003, which becomes 'end of life' and will not be supported by Microsoft beyond July 2015.	0	155,000	155,000
RES	Email System Upgrade	The corporate email and calendar system is used by over 10,000 users and handles over 60,000 transactions per day. This system is over 3 years old and needs to be upgraded to the latest version to ensure that it remain supportable, reliable and offers a full range modern features. This project will upgrade the service and make it more resilient. In line with improved business continuity across ICT Services, the new system will run on active/active platforms, rather than active/passive from the Council's data centre at Tanfield and business continuity site in Sunderland.	0	155,000	155,000
RES	Electronic voting equipment	This is a proposal to replace the electronic voting system that is used at full Council meetings. The existing system, purchased in time for the first council meeting following LGR in April 2009, brought about a reduced time for a council meeting, increased the amount of business that could be transacted at it, and improved the transparency, clarity, and accuracy of voting. The equipment is now 5 years old, and there have been some difficulties with it. Although a maintenance fee is paid, the system is perhaps one of the earliest types produced and is not easy to use. Despite being maintained by the off-site company (IML), who are based in Hampshire, and pre-meeting testing by officers it cannot always be relied on.	100,000	0	100,000
RES	Big Data	The Council and its partners hold a considerable amount of data which continues to grow year on year. Tools are now available which enable the easier analysis of this data. Through a greater understanding of what the data is able to tell us the Council and its partners will be able to improve decision making, increase efficiency of its service delivery and identify new service opportunities. Capital is required to identify a number of pilot schemes that demonstrate the enormous opportunities contained within the data and will allow future schemes to be developed that are self funding.	150,000	0	150,000

SERVICE	SCHEME	BACKGROUND	2015/16	2016/17	TOTAL
			£	£	£
RES	Mobile Device Management	The authority operates over 1000 mobile devices, such as smartphones and tablet computers. To meet PSN standards, a management system is needed to reduce the security risks associated with these devices. The proposed system will allow data to be removed from the devices remotely, store data in secure containers/folders on the device, provide secure collaboration tools and allow remote configuration. This bid is for server hardware and management software.	0	195,000	195,000
		RES Sub Total	250,000	1,755,000	2,005,000
		TOTAL	6,909,284	45,682,710	52,591,994

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2015/16 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 Local Government Transparency Code, published in October 2014 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.

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.

It was agreed at Full Council on 3 December 2014 to remove Spinal Column Points 5-9 from the Council's pay and grading structure with effect from 1 January 2015 and implement a 'Durham Living Wage' of Spinal Column Point 10 (£7.43 per hour) for all Durham County Council employees. This equates to workers (outside of apprenticeship schemes) remunerated in Durham on a minimum full time equivalent annual rate of pay of £14,338 (excluding allowances). This is the Council's definition of 'lowest paid workers'.

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

4.1 Current Position

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

- The strategy for senior pay within the authority and had recruited into these posts.
- The plan for the approach towards harmonising the pay and conditions of the workforce longer term.
- Taking this approach, also now enables the authority to publish and support recommendations within Will Hutton's review 2011 'Review of Fair Pay in the Public Sector' around publishing the ratio of pay of the organisation's top earner to that of a median earner and tracking this over time, taking corrective action where necessary.
- In setting the relevant pay levels a range of background factors outlined at paragraph 2.2 were taken into consideration for senior pay alongside the significant scope and scale of the authority in the national context.

For example, the scope and scale of the Chief Executive's post encompasses responsibilities commensurate with the largest authorities in the country including responsibility for:

- The provision of wide ranging services to over 500,000 residents of County Durham.
- A gross budget of £1.3bn 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 14:1, against figures published by Government of an expectation to always be below 20:1 in local government.

In addition, during 2015/16 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 on 29 October 2014.

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 Whole Area Local Elections

Set out in Annex 1 is a scale of fees for the conduct of the 2013 whole County and Parish Council 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 or per contested parish council area	Just over half the rate paid at national elections
Deputy Returning Officers	Capped up to £60 per division or per contested parish council area	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

Role	Fee	Comments
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

Annex 2: Proposed Scale of Fees for the conduct of Individual By-Elections

Set out in Annex 2 is a scale of fees for the conduct of individual By-Elections. These fees were agreed by the former District Authorities of the County in 2007.

Election Fees – By-Elections

Returning Officer	£67.00 per 1000 electors or part thereof (per division/ward)
Polling Station:	
Presiding Officer	£180.50 (plus ¼ fee for combined election)
Poll Clerk	£108.75 (plus ¼ fee for combined election)
Polling Station Inspector	£17.00 per station
Mileage	0.45p
Postal Votes Issue:	
Postal Votes Issuing Manager	£120.00
Postal Votes Issuing Supervisor	£60.00
Postal Votes Issuing Assistant	£40.00
Postal Votes Opening:	
Postal Votes Opening Manager	£150.00
Postal Votes Opening Supervisor	£75.00
Postal Votes Opening Assistant	£60.00
Count:	
Count Manager	£260.00
Count Supervisor	£140.00
Count Assistant	£80.00
Miscellaneous:	
Elector Assistance	£17.00 per visit
Attending Training	£40.00
Providing Training	£150.00
Scanning of Returned Ballot Papers	£1.5 per 100 papers or part thereof
Clerical	£89.00 per 1000 electors or part thereof
Preparation of Poll Cards	£1.90 per 100 cards or part thereof
Delivery of Poll Cards	12p per card
Ballot Box Preparation	£5.15
Checking of Ballot Papers	£1.60 per 1000 or part thereof

Summary

In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the proposed Treasury Management Strategy for 2015/16, the Annual Investment Strategy, Prudential Indicators, Minimum Revenue Provision Policy and Treasury Management Practices (Annex 1).

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 2015/16
 - Annual Investment Strategy 2015/16

- Prudential Indicators 2014/2018
 - Minimum Revenue Provision Policy 2015/16
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 2015/16

This report covers the following issues in respect of 2015/16:

- 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. Debt rescheduling
- vii. Annual Investment Strategy
- viii. Icelandic Bank investments update
- ix. Minimum Revenue Provision (MRP) Policy
- x. Policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and Communities and Local Government Investment Guidance.

i. Current Treasury position

The table below shows the Council's position as at 31 December 2014, with comparators for 31 March 2014 and a forecast position for 31 March 2015:

	31-Mar-14 (£m)	Average Rate (%)	31-Dec-14 (£m)	Average Rate (%)	31-Mar-15 (£m)	Average Rate (%)
Borrowing	436.833	4.49	457.659	4.46	245.636	4.06
Investments	92.239	0.72	133.119	0.70	123.000	0.70
Net Debt	344.594		324.540		122.636	

Borrowing is forecast to fall by around £191m in 2014/15. This is as a result of new loans of £25m for the General Fund and £34m for the Housing Revenue Account (HRA), together with £4.25m of scheduled principal repayments and £245.75m of debt attributable to the HRA being repaid as part of the proposed housing stock transfer.

Investment levels will increase by £30m as a result of additional funds from borrowing to maximise the level of Housing debt prior to stock transfer.

ii. Capital financing plans

Housing Revenue Account (HRA)

As a result of the housing stock transfer on 23 March 2015, the figures shown in the tables in respect of the HRA contained in this report will be for 2013/14 and 2014/2015 only.

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	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
Non-HRA	109.590	152.672	153.411	67.329	15.851
HRA	45.698	46.717	-	-	-
Total	155.288	199.389	153.411	67.329	15.851
Financed by:					
Capital receipts	8.150	10.879	16.619	14.673	6.687
Capital grants and contributions	91.643	80.998	40.082	30.221	0.315
Revenue and reserves	35.378	31.194	0.280	-	-
Net financing need for the year	20.117	76.318	96.430	22.435	8.849

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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement					
CFR – non housing	374.904	430.590	507.927	507.063	491.544
CFR - housing	232.356	-	-	-	-
Total CFR	607.260	430.590	507.927	507.063	491.544
Movement in CFR	3.829	-176.670	77.337	-0.864	-15.519
Movement in CFR represented by					
Net financing need for the year (above)	20.117	76.318	96.430	22.435	8.849
HRA non-dwelling impairment	-0.270	-	-	-	-
Housing Stock Transfer	-	-236.933	-	-	-
Less MRP/VRP and other financing movements	-16.018	-16.055	-19.093	-23.299	-24.368
Movement in CFR	3.829	-176.670	77.337	-0.864	-15.519

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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	%	%	%	%	%
Non-HRA	5.73	6.49	7.73	9.57	10.59
HRA (inclusive of settlement)	23.78	22.64	N/A	N/A	N/A

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.

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£	£	£	£
Council tax - band D	-1.32	-1.29	3.59	4.93

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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£	£	£	£	£
Weekly housing rent levels	17.60	19.85	N/A	N/A	N/A

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

Current portfolio position

The Council's treasury portfolio position at 31 March 2014, 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.

	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m	£m
External Debt					
Debt at 1 April	440.389	436.833	245.636	245.622	255.608
Expected change in Debt	-3.556	-191.197	-0.014	9.986	14.985
Other long-term liabilities (OLTL)	51.087	49.685	49.105	49.324	51.409
Expected change in OLTL	-1.402	-0.580	0.219	2.085	1.386
Actual gross debt at 31 March	486.518	294.741	294.946	307.017	323.387
The Capital Financing Requirement	607.260	430.590	507.927	507.063	491.544
Under / (over) borrowing	120.742	135.849	212.981	200.046	168.157

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 2015/16 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. The reduction in the borrowing element of the Operational Boundary is due to the removal of the HRA debt following housing stock transfer.

Operational boundary	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m
Borrowing	381.000	458.000	456.000	439.000
Other long term liabilities	50.000	50.000	52.000	53.000
Total	431.000	508.000	508.000	492.000

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.

The reduction in the borrowing element of the Authorised Limit is due to the removal of the HRA debt following housing stock transfer.

Authorised limit	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m
Borrowing	431.000	508.000	506.000	489.000
Other long term liabilities	53.000	53.000	55.000	56.000
Total	484.000	561.000	561.000	545.000

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	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
	£m	£m	£m	£m
Total	245.747	N/A	N/A	N/A

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:

	2015/16	2016/17	2017/18
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	
Limits on variable interest rates based on net debt	30%	30%	
Maturity Structure of fixed interest rate borrowing 2015/16			
	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 Capita Asset Services 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 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only

recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q2 2014 and 5.0% in Q3. This is hugely promising for the outlook for strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

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

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual 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. 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 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities

(especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. 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 higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

- 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.

Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The County Council may make use of this new source of borrowing as and when appropriate.

Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 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. Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the relevant Committee, at the earliest meeting following its action.

vii. 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").

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will

engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed below under the ‘specified’ and ‘non-specified’ investments categories.

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

1. The UK Government (such as the Debt Management Account deposit facility)
2. UK treasury bills or a gilt with less than one year to maturity.
3. Term deposits with UK banks and building societies.
4. A local authority, parish council or community council.
5. Certificates of Deposit.
6. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

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.
- The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.

Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they 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. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

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 LIBID rate

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 that:

- 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. This is set out in the specified and non-specified investment sections below; and
- 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.

The Corporate Director Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Capita's creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue weight to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of Capita's creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

The proposed selection criteria for approved counterparties will be:

- 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-

- 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-

(N.B. Viability, Financial Strength and Support ratings have been removed and will not be considered in choosing counterparties.)

- Banks 2 – Part nationalised UK banks – Lloyds Banking Group 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.
- Banks 3 – 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.
- 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.
- Building societies. The Council will use societies which meet the ratings for banks outlined above:
- Money market funds
- Enhanced money market funds (EMMFs)
- UK Government (including gilts and the DMADF)
- 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 higher quality	AA-	£50m	2 years
Banks 1 medium quality	A	£35m	1 year
Banks 1 lower 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	£20m each (overall £100m)	liquid

viii. Icelandic Bank Investments Update

- 1 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.

- 2 The Council's recovery position at 31 December 2014 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.
 - During 2013/14, the Council sold its claims against the insolvent estate of Landsbanki through a competitive auction process. The proceeds of the sale were paid in Pounds Sterling and were received in February 2014 so the Council is no longer a creditor of Landsbanki.
 - Kaupthing Singer and Friedlander: 83.5% of the outstanding balance has been repaid. 85.75% recovery is anticipated in the long run.
- 3 Following a decision of the Icelandic Supreme Court on 25 September 2013, the Winding up Board of Glitnir must apply the Central Bank of Iceland's official selling rates as at the date of the distribution when calculating the value of payments being made to Creditors in Icelandic Kroner (ISK). Previously, the exchange rate as at 22 April 2009 had been applied to all distributions made. The impact of this decision is that there is on-going uncertainty in relation to the sterling value of future distributions.
- 4 The total amount of ISK held in escrow on behalf of Glitnir Creditors is around ISK 8.9bn (the equivalent of around £47m) excluding interest earned since March 2012. In addition, the total amount of ISK held in escrow on behalf of Landsbanki Creditors is around ISK 95m (the equivalent of around £0.5m) excluding interest earned since December 2011.
- 5 The LGA, who work on behalf of the Local Authorities with Icelandic deposits, have discussed the potential options for converting the ISK into another currency and repatriating it to the UK. To date, there has been no appetite amongst Creditors to actively pursue any of the options available.
- 6 It is important to note that Creditors, like the Council are currently unable to access the escrowed ISK unless and until:
- the Central Bank of Iceland (CBI) approves the requests which have been made by the winding-up boards (WUBs) to exempt the escrowed ISK from the capital controls so that the ISK can be paid from the escrow accounts to each individual Creditor (i.e. into an ISK account in each Creditor's name) (those requests remain unanswered); or
 - the capital controls are lifted The date on which the controls will be lifted remains unknown but the Icelandic government has recently announced that it is taking steps towards that goal. Currency auctions are one of those steps.

- 7 The CBI periodically holds a currency auction to allow parties to:
- i. purchase ISK solely for the purpose of long term investment in Iceland;
 - ii. purchase Iceland treasury bonds; and
 - iii. purchase EUR in exchange for ISK.
- 8 The auctions are part of the CBI's strategy for an "orderly" removal of the capital controls. (i.) and (ii.) above result in an inflow of foreign currency into Iceland. (iii.) enables holders of ISK to exchange their ISK for EUR (i.e. an outflow of ISK). The part of the auction that is relevant to Local Authority Creditors is (iii.), the sale of ISK in exchange for EUR. In past auctions, the CBI has sought to match the inflow of foreign currency with the outflow of foreign currency. Given that the demand for foreign currency usually outstrips the supply of foreign currency in the CBI's auctions, previous auctions have resulted in a relatively low level of foreign currency outflow.
- 9 The consensus among most foreign creditors of the insolvent banks is that when the capital controls are ultimately lifted there is a very real risk that the value of the ISK will fall against other currencies. There is uncertainty as to when the capital controls will be lifted, although there is speculation in recent Icelandic media reports that this may happen during the course of 2015.
- 10 The CBI is currently reviewing ways in which it can relax the capital controls in a way that will not negatively affect Iceland's financial stability. Various commentators in Iceland have suggested that this is may involve the imposition of an "exit tax" (with suggestions of up to 30-40%) on creditors of the failed Icelandic banks. It is not yet known which creditors might be affected by any such tax or how any such tax might be applied but it may be applied to cross-border capital movement, such as the repatriation of escrowed ISK. If it is, this will have a negative impact on value of Creditors' escrowed ISK.
- 11 Currently, it is necessary to balance the possibility of finality and certainty which a currency auction may offer with the resultant reduced ISK sale price with the risks discussed in paragraph 11 above. The factors that each Creditor needs to take into account when considering the sale its escrowed ISK will differ from Creditor to Creditor. The Council continues to closely monitor the Icelandic deposits

ix. 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)

x. **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.

Annex 1: Treasury Management Practices

TMP1 Risk management

General statement

The responsible officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in *TMP6 Reporting requirements and management information arrangements*. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

[1] credit and counterparty risk management

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in *TMP4 Approved instruments, methods and techniques* and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] liquidity risk management

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] interest rate risk management

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP6 Reporting requirements and management information arrangements*.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] exchange rate risk management

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] refinancing risk management

This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

[6] legal and regulatory risk management

This organisation will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] *credit and counterparty risk management*, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

[7] fraud, error and corruption, and contingency management

This organisation will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[8] market risk management

This organisation will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

TMP2 Performance measurement

This organisation is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

TMP3 Decision making and analysis

This organisation will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

TMP4 Approved instruments, methods and techniques

This organisation will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the schedule to this document, and within the limits and parameters defined in TMP1 *Risk management*. Where this organisation intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The organisation will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

This organisation considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The responsible officer will also ensure that at all

times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The delegations to the responsible officer in respect of treasury management are set out in the schedule to this document. The responsible officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the *Standard of Professional Practice on Treasury Management*.

TMP6 Reporting requirements and management information arrangements

This organisation will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum:

The organisation (i.e. full board/council) will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

The committee/board/council will receive regular monitoring reports on treasury management activities and risks.

The body responsible for scrutiny, such an audit or scrutiny committee, will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector specific guidance notes.

TMP7 Budgeting, accounting and audit arrangements

The responsible officer will prepare, and this organisation will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget,

and will report upon and recommend any changes required in accordance with *TMP6 Reporting requirements and management information arrangements*.

This organisation will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TMP8 Cash and cash flow management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with *TMP1[1] liquidity risk management*.

TMP9 Money laundering

This organisation is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

TMP10 Training and qualifications

This organisation recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP11 Use of external service providers

This organisation recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly

agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed.

TMP12 Corporate governance

This organisation is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This organisation has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in the schedule to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Overview and Scrutiny Management Board

13 February 2015

Cabinet

17 December 2014

Welfare reform and poverty issues



Report of Corporate Management Team

Lorraine O'Donnell, Assistant Chief Executive

Don McLure, Corporate Director, Resources

Ian Thompson, Corporate Director, Regeneration and Economic Development

Councillor Simon Henig, Leader of the Council

Councillor Alan Napier, Deputy Leader and Cabinet Portfolio Holder for Finance and

Councillor Eddie Tomlinson, Cabinet Portfolio Holder for Housing and Rural Issues

Purpose of the Report

- 1 The purpose of this report is to outline the current thinking on welfare reform and poverty issues as they affect the county, how the council is responding currently and what it and its partners propose to do to maintain an effective approach to welfare reform and build a more comprehensive response to poverty in the county.

Background

- 2 As previously reported to Cabinet, the government's welfare reform programme is having a significantly bigger impact on the county, given the disproportionately large number of benefit recipients we have in County Durham.
- 3 The Welfare Reform Act 2012 consolidated a raft of changes intended to reduce government spending on welfare by encouraging people to support themselves through work rather than welfare.

- 4 At the time, 40 different changes were made to the benefits system with the intention of reducing welfare spending by £18bn by 2015. The principal changes legislated for include:
- a) the introduction of Universal Credit (UC), a single benefit to be paid on a monthly basis, to replace Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit, and Working Tax Credit;
 - b) the abolition of Housing Benefit (HB) and Council Tax Benefit (CTB) which are/were administered by local authorities on behalf of the DWP. The Act replaced centralised support for CTB with local Council Tax support with effect from 1 April 2013, with funding from un-ringfenced grants paid directly to local authorities. Government funding was reduced by 10 percent before being devolved to local authorities to implement locally;
 - c) changes to Housing Benefit including the application of a size criterion in social-sector houses, with any working-age household deemed to be under-occupying their home, having part of their Housing Benefit removed (the so-called 'spare room subsidy' or 'bedroom tax');
 - d) the abolition of the Social Fund with effect from 31 March 2013, which used to fund 'last resort' benefits such as crisis loans, and its replacement with a non-ring fenced grant paid to local authorities to fund local scheme and distribute as they see fit. The government has just closed a consultation on funding from April 2015, following an announcement earlier this year to cease funding from next year, which was challenged in court;
 - e) replacing Disability Living Allowance (DLA) for all working-age claimants with a new Personal Independence Payment (PIP);
 - f) the introduction of a cap on the total benefits to which an individual or couple is entitled from out of work benefits. The cap was introduced in April 2013, and set at £26,000 a year (a maximum of £500 per week) for lone parents and couples with or without children, and around £18,000 a year (a maximum of £350 per week) for single people without children or whose children for whom they have responsibility do not live with them.
 - g) limiting the amount of time that people can receive contribution-based Employment Support Allowance (ESA), to 365 days for those claimants in a work related activity group or in the assessment phase;
 - h) the abolition of the 'Youth' provision, which enabled disabled young people to qualify for the benefit without paying National Insurance contributions.
- 5 Since then the government has legislated to set an annual limit on overall spending on welfare, subject to parliamentary scrutiny and made a number of other changes, including increasing the waiting time before people can claim benefits and reducing and limiting benefit entitlements for jobless migrants.

- 6 It has also changed the implementation timetables for a number of its reforms, most notably Universal Credit, which is still to be rolled out nationally beyond the pilot areas.
- 7 Progress with implementation and analyses of the impacts on the county, have been the subject of a number of update reports to Cabinet, the most recent being on 15 October 2014.
- 8 In considering that report, Cabinet agreed to broaden the scope of the welfare reform policy work and the Welfare Reform Steering Group to take a more comprehensive overview of poverty issues in the context of welfare reform.
- 9 This report considers poverty issues in the county, what the council is doing to respond and how, working with partners, it intends to maintain effectiveness and develop a more comprehensive response to welfare and poverty issues.

Economic recovery

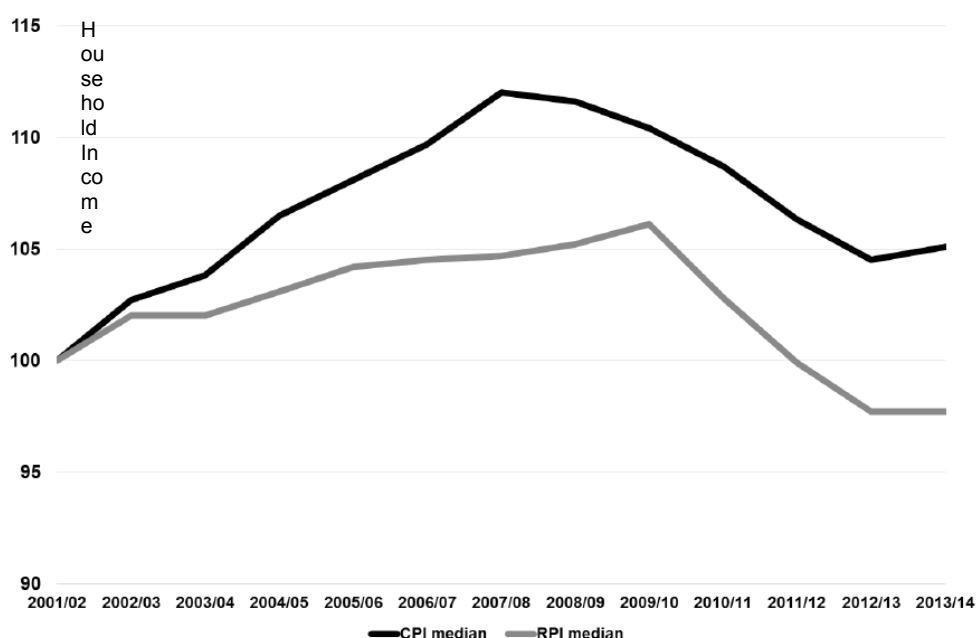
- 10 There is a great deal of conflicting information on cost of living poverty issues, which in part reflects different perspectives on the nature of the country's recovery from recession.
- 11 After a four year period of low and faltering economic growth following the global financial crisis in 2008, the economy finally emerged from recession in 2013.
- 12 While the recovery took longer to take hold in the UK than in other countries such as the United States and Germany, the UK economy is now growing at a faster rate and previous estimates of economic growth have been revised upwards, which suggests that the recovery may have started earlier and faster than initially reported. The same is true for forecast growth, with the Bank of England in November upgrading its growth forecast for 2014 to 3.5 percent from 3.4 percent and for 2015 from 2.9 percent to 3 percent.
- 13 The Bank however warned that sustained growth in the UK is threatened by uncertain economic prospects in the wider European economy, where a number of countries are falling back into recession. In addition, at last month's G20 Summit, the Prime Minister warned that the global economy was on the verge of economic crisis with faltering growth in Europe and suppressed demand in major Asian economies such as China and Japan.

Income, cost of living and poverty

- 14 Although the economy may have emerged from recession - it surpassed the peak level of output before the 2008 financial crisis in May of this year – the economic outlook remains uncertain and unclear.
- 15 What also remains unclear is the extent to which society feels any more secure or better off compared with the heights of the recession in 2008-09.
- 16 For some time, several commentators have pointed towards a 'cost of living crisis', in which the benefits of economic growth are not being felt by sections of society which are still struggling with reduced, low or uncertain income at the same time as being affected by differential price inflation.

- 17 According to the Institute for Fiscal Studies¹ (IFS), real household incomes have fallen significantly since the recession and by 2013, the real median household income was still below its pre-crisis peak.
- 18 This occurred because household income has not kept pace with prices, irrespective of whether income is deflated by the Consumer price Index (CPI) or the retail Price Index (RPI) to take into account the effect of prices (figure 1).
- 19 Real incomes fell significantly from 2007/08 according to the consumer price indicator (CPI) deflation method, and from 2009/10 via the retail price indicator (RPI) deflation method and only began to recover (or in the RPI-deflated case, stabilise) after 2012/13². Median real income (on the CPI measure) was still estimated to be 6.2 per cent below its pre-crisis peak by the end of 2013/14.

Figure 1: UK real household income deflated by Consumer Price Index (CPI) and Retail Price Index (RPI)



- 20 In a further report, the IFS² highlighted that official Households Below Average Income statistics show that inflation-adjusted median household income (measured before housing costs, BHC) was broadly stable between 2011/12 and 2012/13 (a fall of 0.2 percent) and mean income fell by 1.5 percent. This came after a two-year period following the recent recession in which average incomes fell sharply. As a result, real median income in 2012/13 was 5.8 percent below its 2009/10 peak and mean income was 8.5 percent lower.

¹ Adams, A., Hood, A. and Levell, P. (2014) 'The squeeze on incomes'. Institute for Fiscal Studies Green Budget 2014. London: Institute for Fiscal Studies.

² Belfield, C., Cribb, J., Hood, A. and Joyce, R. (2014) 'Living Standards, Poverty and Inequality in the UK: 2014', Institute for Fiscal Studies.

- 21 The fall since 2009/10 was driven largely by a 9.4 percent fall in the pre-tax earnings of households. This came about despite a rise in the proportion of people employed, because workers' pay grew much less quickly than prices.
- 22 The IFS' analysis of official figures identified that between 2007/08 and 2012/13, there were significant falls in relative poverty using a poverty line of 60 percent of median income. The numbers in relative poverty fell by 1.3 million (2.8 percentage points) to 9.7 million (15.4 percent) before housing costs and by 300,000 (1.5 percentage points) to 13.2 million (21.0 percent) after housing costs are taken into account.
- 23 In terms of absolute poverty, in 2012/13 10.6 million people (16.8 per cent of the population) were in absolute poverty in the UK, based on measuring income before housing costs and using a poverty line equal to 60 per cent of 2010/11 median income in real terms. This was close to pre-recession levels seen between 2004/5 to 2008/09, indicating an improving situation as the economy has returned to growth.
- 24 However, when housing costs are taken into account, 14.6 million (23.2 per cent) were in absolute poverty, an increase of 600,000 people or 0.8 percentage points compared with 2011/12. Moreover, the number in absolute poverty is 3 million (3.6 percentage points) above its low point in 2004/05 and at its highest level since 2001/02, which suggests that many people are still struggling financially even though the performance of the economy, in terms of output and employment has improved.
- 25 The increase in numbers in absolute poverty has been driven by falls in real income combined with the effects of differential price inflation - hence the significant impact on numbers when housing costs are taken into account.
- 26 Given regional variations in wage rates and prices, levels of poverty are tending to vary across the country, as shown in Table 1.

Table 1: Absolute poverty before and after housing costs by region

	<i>Absolute poverty (BHC)</i>			<i>Absolute poverty (AHC)</i>		
	2007-08 to 2009-10	2010-11 to 2012-13	Change (ppt)	2007-08 to 2009-10	2010-11 to 2012-13	Change (ppt)
South East	11.5%	12.8%	1.2	16.7%	18.8%	2.1
East of England	14.2%	13.6%	-0.5	18.6%	18.7%	0.1
South West	14.3%	14.7%	0.3	18.2%	19.6%	1.4
Scotland	15.9%	15.5%	-0.4	17.5%	18.8%	1.4
London	16.2%	16.3%	0.1	27.0%	29.1%	2.1
East Midlands	18.7%	16.8%	-1.9	20.6%	20.6%	0.1
North West	17.9%	18.4%	0.5	21.5%	23.4%	1.9
North East	19.6%	18.9%	-0.8	22.0%	22.8%	0.8
West Midlands	20.3%	19.1%	-1.2	22.9%	24.2%	1.3
Wales	19.1%	20.5%	1.4	21.5%	24.4%	2.9
Yorkshire and the Humber	19.1%	20.6%	1.6	21.9%	24.0%	2.1
Northern Ireland	18.9%	21.3%	2.4	18.8%	21.7%	2.9
United Kingdom	16.5%	16.7%	0.2	20.7%	22.3%	1.6

- 27 In January 2014 the Office for National Statistics (ONS) reported nominal wage growth below the rate of price inflation has resulted in household real wages failing for the longest sustained period since at least 1994.³
- 28 According to the Institute for Fiscal Studies⁴, by 2012/13 real median household income was 6.2 per cent below its pre-crisis peak. Were the trend for real income growth observed between 2001/02 and 2007/08 to have continued, households might expect real incomes to be about 20 per cent higher than they are now.
- 29 The Institute of Economic Affairs⁵ argues that this fall, taken with increases in the cost of living as indicated by the consumer price index (CPI), means that since the beginning of the recession, living standards have been squeezed for the median household and that there is a significant squeeze on living standards in the post-crisis period.
- 30 Differential impacts of inflation occur because price levels for many goods and services which might be regarded as essential, and which the poorest households spend disproportionately more upon, have risen significantly more than average CPI inflation since 2008 (table 2).

Table 2: Overall change in price index 1999 to 2013

Category	Change
Overall CPI	36.6%
Food, alcoholic beverages and tobacco	60.7%
Energy	129.0%
Electricity, gas & miscellaneous energy	161.4%
Liquid fuels, vehicle fuels etc	98.4%
Clothing and footwear	-44.4%
Water supply, material for maintenance	51.5%
Audio-visual goods	-76.2%
Housing services	50.9%
Rent (RPI series)	45.8%
Transport and travel services	111.6%
Communication	-1.8%
Recreational and personal services	60.2%
Education	189.9%

³ <http://www.ons.gov.uk/ons/rel/elmr/an-examination-of-falling-real-wages/2010-to-2013/index.html>

⁴ Adams, A., Hood, A. and Levell, P. (2014) 'The squeeze on incomes', Institute for Fiscal Studies Green Budget 2014, IFS.

⁵ Bourne, R. (2014) 'Low pay and the cost of living: a supply-side approach', Briefing 14:05, Institute of Economic Affairs.

- 31 Differential price inflation is reflected in personal financial concerns. According to the debt survey⁶ conducted by the Association of Business Recovery Professionals (the trade body for insolvency practitioners), where people say they are experiencing financial difficulty, the most commonly cited struggles to payday are the rising costs of food (59 percent), household energy bills (52 percent), transport (38 percent), making credit card payments (27 percent) and rent payments (24 percent).

Jobs and wages

- 32 To the end of September 2014, UK unemployment had fallen for 18 consecutive quarters and stood at 1.96 million, or 6 percent of the working age population, the lowest rate since late 2008.
- 33 Growth in average pay for UK workers overtook inflation for the first time in five years, with wages excluding bonuses rising by 1.3 percent in the year to the end of September, outstripping the Consumer Prices Index at 1.2 percent.
- 34 This followed results for the previous quarter where average wages excluding bonuses rose by 0.6 percent in the year to June, which was the slowest rise since records began in 2001. Including bonuses, wages fell 0.2 percent, the first fall since 2009.
- 35 In August 2014, the Bank of England warned that although employment was increasing, a 'wages lag' was occurring, in which wage growth was not keeping pace with economic growth. In August the Bank halved its forecast for average wage growth, from 2.5 per cent to 1.25 percent this year.
- 36 However by November 2014, the Bank had revised its estimate up again, forecasting that average salaries would be growing by 2 percent by the end of the year and that real pay growth would accelerate into 2015.
- 37 The forecast is at odds with provisional results from the Annual Survey of Hours and Earnings, 2014⁷. These indicated that median gross weekly earnings for full-time employees had only risen by 0.1 percent since 2013. This was the smallest annual growth since 1997, when the data first became available. Growth has been slower since the downturn, with the annual increase averaging around 1.4 percent per year between 2009 and 2014.
- 38 Adjusted for inflation, weekly earnings decreased by 1.6 percent compared to 2013. The largest decrease was between 2010 and 2011, but inflation-adjusted earnings have continued to decrease every year since 2008, to levels last seen in the early 2000s.
- 39 Although many people may be starting to feel the benefits of wage increases and lower food, energy and import prices, for those on the lowest incomes, the situation is different.
- 40 For those on the lowest incomes, the growth in zero hours contracts has increased income uncertainty in many lower paid jobs. In addition, the gap

⁶ Association of Business Recovery Professionals (2014) 'Personal Debt Snapshot: Wave 13 – Are personal finances taking a turn for the worse?', March 2014

⁷<http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2014-provisional-results/index.html>

between the national minimum wage at £6.50 an hour for adults aged 21 and over (£5.13 for those aged 18 to 20), and the 'Living Wage' (the generally accepted amount required to cover the costs of living) at £9.15 an hour in London and £7.85 an hour in the rest of the UK, means that many 'working poor' people will struggle to climb out of poverty, without welfare support.

- 41 The Living Wage Commission⁸ estimates that the number of workers paid below a Living Wage is 5.24 million and this has increased by 420,000 in the last 12 months, which means that for the first time, the majority of people in poverty in the UK are working.

Austerity

- 42 In parts of the country, such as ours which have disproportionately higher numbers of people employed in the public sector, concerns about economic recovery have to be seen within the context of the government's ongoing austerity programme and reductions in public spending.
- 43 Whereas, it was initially envisaged that the structural deficit would have been resolved by the end of this parliament, the government now expects that it will take until 2018/19 before the country returns to surplus.
- 44 One of the reasons cited for it taking longer, is the number of people having to claim benefit entitlements. The Institute of Financial Studies⁹ has identified that there has been an increase in housing benefit claimant spending because more people are renting, rents are rising but earnings growth is low. In addition, the slower earnings growth has meant that spending on tax credits has not come down as quickly as expected.
- 45 To further balance the deficit, the government intends to maintain the squeeze on public spending until at least 2018/19.
- 46 In the Autumn Statement, the government confirmed an additional £1 billion of savings from the welfare budget this year and that its fiscal assumption is that overall Total Managed Expenditure (TME) will fall in real terms in 2016/17 and 2018/18 at the same rate as between 2010/11 and 2014 and will be held flat in 2018/19 and 2019/20.
- 47 As reported to Cabinet in July, although at this stage we do not know the detail of future funding cuts, we are expecting them to be of the same scale and scope as those experienced over the last four years and to include an additional £12 billion of savings from the national welfare budget.
- 48 Welfare spending has been capped at £119 billion to 2015/16 and will rise with inflation thereafter to a maximum of £127 billion by 2018/19, unless parliament approves a change in government policy.
- 49 For those on lower incomes dependent on benefits, this may exacerbate the impact of differential rates of inflation, with the prices of essential items which

⁸ Living Wage Commission (2014) 'Working for poverty: the scale of the problem of low pay and working poverty in the UK'.

⁹ <http://www.ifs.org.uk/publications/7447>

poorer people spend disproportionately more upon, rising significantly more than general inflation.

- 50 In addition, the Secretary of State is proposing further reforms to reduce welfare spending. These include freezing benefits for working age people for two years, removing benefits from migrants if they have no prospect of work, removing housing benefit entitlements for 18-21 year olds and reducing the household benefits cap from £26,000 to £23,000 a year.
- 51 As it currently stands, Universal Credit is to be rolled-out in parts of the North East (Hartlepool and Newcastle-upon-Tyne) from March next year and pilots are under way to explore the linkage between Universal Credit and crisis support in Northumberland and the provision of face-to-face support in South Tyneside. We should hear shortly when Universal Credit is to be rolled out in Durham.

Local authority response

- 52 Clearly, many of the drivers of poverty – such as the strength of the economy, employment, wage rates and inflation - are beyond a local authority's control, but we can attempt to make some of the impacts less severe.
- 53 Understanding the impacts on local communities is a very difficult task, in part because they are not uniform and involve a complex range of factors, but also because there has been no attempt to assess the collective impact of the government's welfare reforms. The same applies to the quantum of local government spending reductions and reforms including the removal of area-based grants and the shift away from the principle of local government funding being based on need. The lack of adequate impact assessments and the knock-on effect of policy change in one area on another have been highlighted on a number of occasions by the Public Accounts Committee and most recently by the National Audit Office¹⁰.
- 54 Unless there is a significant change in government policy, the reduction in local authority funding is set to continue, which will inevitably impact on frontline services. We therefore need to improve our understanding of the local impacts of change, so that when we have to reduce spending and service delivery, we mitigate the impacts where we can through a well thought out and targeted approach.

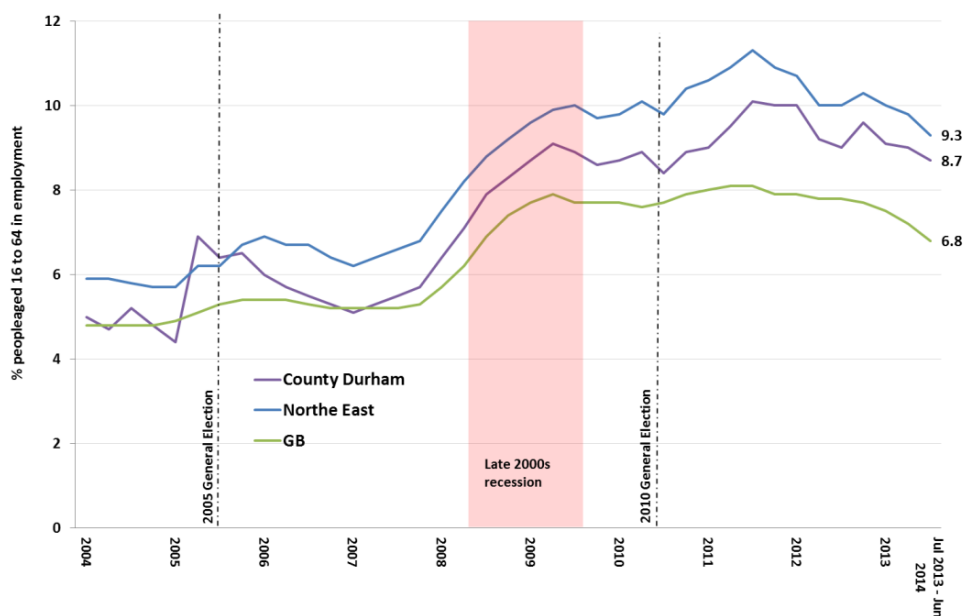
Current position in County Durham

- 55 The council is not starting from scratch in addressing these issues. Since the formation of the unitary council, economic regeneration has been our highest priority. Through our apprenticeships and employability programmes, we have helped over 3,000 people into employment and through major projects such as Hitachi, Atom Bank, NetPark and Freeman's Reach we have sought to attract and retain investment and jobs in the county.
- 56 Improving the economic competitiveness of Durham as a place is the underpinning narrative for the County Durham Plan which proposes a suite of spatial policies to create 30,000 new jobs and 32,000 new homes.

¹⁰ <http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/>

- 57 In addition, due to our work making the case for County Durham to be granted transition region status, the county stands to benefit from £135m of European structural funding through to 2020. The forthcoming programme includes specific themes around inclusive growth (addressing employability issues for the most economically vulnerable) and skills.
- 58 In April 2011, the council agreed a child poverty strategy to comply with legislative requirements and to provide the context for partnership working on child poverty.
- 59 The strategy, which built upon current programmes at the time, was well received and was cited as an example of best practice. However, the strategy needs to be refreshed as many of the initial actions have been implemented and the nature of poverty in the county has changed, in part due to welfare reform and the performance of the local economy.
- 60 According to End Child Poverty¹¹, at the end of 2013 the proportion of children living in poverty after housing costs are taken into account stood at 27 percent in the county compared with 25 percent nationally. There is also evidence to suggest that the gap between the county and the national average is widening and rates have not improved since the recession has ended.
- 61 According to research by Sheffield Hallam University¹² previously reported to Cabinet, in 2014/15 the county stands to lose £188m in benefits income, which equates to £560 per working age adult.
- 62 Since 2011, unemployment in the county has fluctuated and unlike the rate for the country as a whole, has yet to return to pre-recession levels (Figure 2).

Figure 2: Unemployment 2004-2009

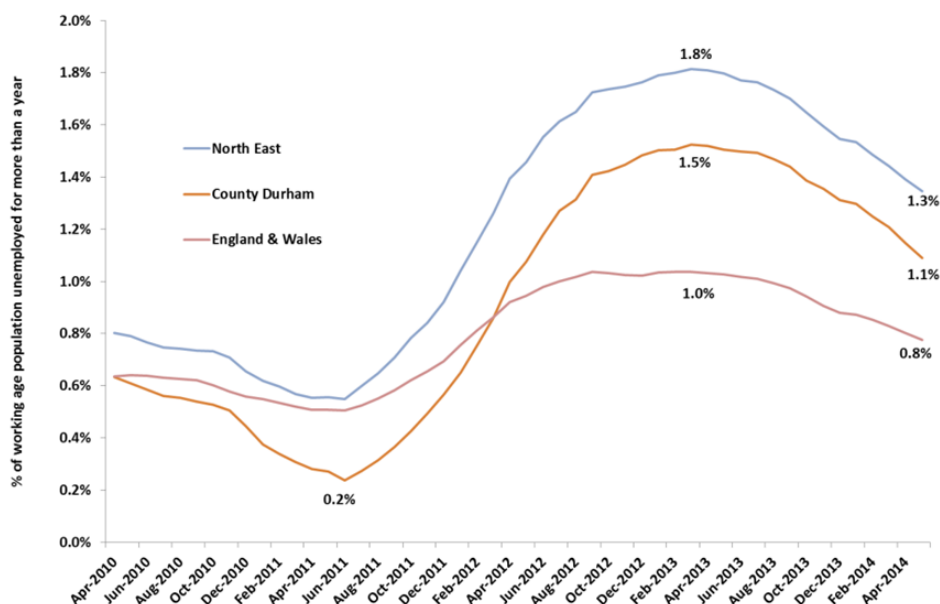


¹¹ http://www.endchildpoverty.org.uk/images/ecp/Report_on_child_poverty_map_2014.pdf

¹² Beatty, C. and Fothergill, S. (2013) 'Hitting the poorest hardest: the local and regional impact of welfare reform', Centre, for Regional Economic and Social research, Sheffield Hallam University.

- 63 The same is true for long term unemployment where the number of residents claiming Job Seeker's Allowance (JSA) for a year or more has fluctuated but generally risen since the onset of the recession (figure 3).

Figure 3: Unemployment for more than a year 2010-2014



- 64 Gross disposable household income (GDHI) in the county has increased since 2011 at a faster rate than the national average but still stands at just under £2,400 less than the national average (table 3).

Table 3: GDHI per head at current basic prices (2012)

Area	GDHI (£ per person)	% growth in GDHI	
		since 2011	since 2001
County Durham	14,151	+3.9%	+39.1%
North East	14,393	+4%	+42.8%
UK	16,791	+3.3%	+41%

- 65 Deprivation remains a key issue. In the 2010 Index of Deprivation (the most up-to-date figures), Durham was the 62nd most deprived local authority in England.
- 66 Almost half of the population (45.4 percent) live in a deprived area (the top 30 percent most deprived areas nationally).
- 67 Employment deprivation (as measured by the number of working age people in receipt of Job Seekers Allowance and Incapacity Benefit) is particularly acute with nearly two thirds (64.9 percent) of the population living within the top 30 percent most employment deprived areas.
- 68 Health deprivation is also particularly acute, with nearly three quarters of the population (70.9 percent) living within the top 30 percent most deprived areas.

69 In terms of the broader determinants of health, the county is not performing well against the Marmot Indicators for Health. In 2014¹³, of the 15 indicators where local authority data is available, 10 were significantly worse than the England average.

Response to date

70 In response to welfare reform and related poverty issues, the council has pursued a partnership approach, working across sectors and with partner organisations to understand impacts and to support individuals and communities affected by change.

71 Working with our partners Civica and Five Lamps, we have established a Welfare Assistance Scheme, promoted as HAND ('Help and Advice Network Durham') to provide emergency and crisis support to fill the gap left by the termination of the government's Social Fund. Since April 2013, the scheme has helped over 2,200 people.

72 We are currently considering options to continue providing assistance beyond March 2015 when the current funding ends. In response to the government consultation on future funding for Welfare Assistance, both the Association of North East Councils (ANEC) and the council responded to request that funding be continued given the help and support being provided.

73 Through its Local Council Tax Reduction Scheme, the council has protected economically vulnerable working age people from the 10 percent national cut in Council Tax support. Council recently agreed that we should extend the Local Council Tax Reduction Scheme for a further year into 2015/16 in order to maintain the same level of benefit support provided before the scheme was changed in 2013. This will mean that we will have maintained the support for three years providing a valuable lifeline to many in need.

74 In addition, through its Discretionary Housing Payments policy, the council has helped 2,800 people to meet their housing costs and rental commitments.

75 The council has also provided £10,000 of additional funding to each of the 14 area action partnerships to support local action to address welfare issues. The range of interventions has varied across the county but most notably led the development of a welfare champions scheme in East Durham, which is now being rolled out countywide providing community-based and community-centred support to individuals and households affected by benefit reductions and entitlement changes.

76 Where required, the council has also developed a number of targeted interventions to support vulnerable individuals and communities. This has ranged from 'Think Family' interventions such as the council's Stronger Families programme and its employability schemes which are providing universal and targeted support to unemployed people in particular parts of the county.

77 With some council support, foodbanks in the county have helped 17,800 people in the last 12 months.

¹³ http://www.lho.org.uk/lho_topics/National_Lead_Areas/Marmot/Documents/LA_E06000047.pdf

- 78 The council's Warm Homes programme has sought to address fuel poverty by increasing the energy efficiency of the council's housing stock and the regional Warm Up North scheme, delivered in partnership with other local authorities and British Gas, is providing a wider range of support, under the government's Green Deal scheme. As well as advice and financial assistance with energy efficiency measures, this includes signposting and advice to maximise the take-up of relevant benefit entitlements.
- 79 As it stands, 11.4 percent of households in the county were in fuel poverty in 2012 according to the government's definition which compares with the rate for England nationally at 10.4 per cent
- 80 Through partnership work in the Crook area, we have improved our understanding of how the new benefits regime is affecting individuals. This has identified the impact on individuals with mental health issues, drug and alcohol dependency and recent offending. Through a greater understanding of how benefits are processed and the requirement to avoid sanctions, support agencies are better informed and are helping ensure clients do not lose their entitlement.
- 81 In addition, as a matter of course when the council considers policy changes or service restructurings, it undertakes thorough impact assessments to understand the effect of proposed changes and to identify what could be done to mitigate any detrimental effects on disadvantaged communities and vulnerable groups through mitigating actions.
- 82 This is particularly important as the recession and public spending reductions have disproportionately affected northern and poorer areas such as the county, which have lower levels of economic growth, higher rates of benefit dependency and disproportionately higher levels of public sector employment. Reductions in welfare support, at a time when public sector employment is falling and private sector growth has yet to create sufficient numbers of replacement jobs, present the county and local partners with a significant and major challenge.

Continuing to respond

- 83 Although many of the issues affecting poverty in the county are national (and indeed international) and beyond local partners' control, the county does have some capacity to improve the situation for affected communities to a certain degree.
- 84 The diverse geography of the county means that Durham has the scale and scope, through the council and the diverse range of community and voluntary sector organisations here, to provide a wide range of support and innovative and targeted interventions.
- 85 To facilitate this and to ensure that the actions we are able to afford are as effective as they can be, the council and its partners are concentrating on developing joined-up intelligence (to pool our knowledge) and joined-up services (to maximise our impact and avoid duplication).
- 86 This coordinated and collaborative approach helps to ensure that people in need are signposted to and receive the correct support and that the

assistance and schemes we develop are based on a clear and detailed appreciation of the issues involved.

- 87 For example, the Welfare Assistance Scheme and Discretionary Housing Payments policy have been informed by collaborative work with the voluntary sector and local housing providers to understand the nature of demand and the most effective forms of support which could be provided.
- 88 Despite the ongoing austere times and cuts in local government funding we continue to face, the council needs to extend this approach by using every opportunity it has to identify and potentially support vulnerable people affected by poverty and welfare reform. Through housing services, we are signposting people to debt and benefits advice and employability support and through schemes such as our Stronger Families programme, we have the potential to broaden the range of support provided to include benefits and financial advice to help families become more financially resilient and independent.
- 89 Similarly, there are increasing calls for partners to work with schools to help address poverty issues, be it through the provision of breakfast clubs and the availability of food during school holiday activities, to future life skills as part of the curriculum or support for parents with basic skills issues.
- 90 By sharing knowledge, the council and its partners are developing greater customer insight into which people need most help, the issues they face, where they are located and how we can reach them to offer advice, help and support.
- 91 By working together, we are developing a joined-up approach to financial inclusion in the county, which will help to promote financial independence.
- 92 In addition, organisations across the county have established an advice partnership between all of the various agencies which maximises capacity and the provision of specialist advice.
- 93 Through the performance management of the council's grant to Citizens Advice County Durham (the new countywide citizens advice bureau (CAB) service), we are developing a more comprehensive picture of the nature of demand, based on the type of enquiries and issues which CAB staff and volunteers are being asked to help with.
- 94 This knowledge is helping us to target the advocacy and support the council is able to offer through its Welfare Rights Service, which is now integrated with Revenues and Benefits to improve understanding of supply side and demand side issues around benefit entitlements and welfare payments.
- 95 In addition, by working together, we are developing a greater understanding of the capacity and resource available through other organisations such as charities and churches.
- 96 The partnership is currently looking at gaps in service provision and anticipated gaps based on the potential impacts of on-going welfare reforms, such as the roll-out of Universal Credit and the transition from Disability Living Allowance to Personal Independence Payments.

- 97 Using the council's performance management framework, currently we monitor performance and track issues through a sub-set of welfare reform management information and performance indicators, which track indicators such as:
- a) the proportion of council owned housing that are empty;
 - b) the proportion of council owned housing that is not available to let and has been empty for more than 6 months;
 - c) first time entrants to the Youth Justice System aged 10 - 17 (per 100,000 population of 10-17 year olds);
 - d) the number of repeat incidents of domestic violence (referrals to Multi-Agency Risk Assessment Conferences [MARAC]);
 - e) first time entrants to the Youth Justice System aged 10 - 17 (per 100,000 population of 10-17 year olds);
 - f) current tenant arrears as a percentage of the annual rent debit.
- 98 Given that Cabinet has agreed to broaden the scope of the welfare reform steering group to take a more holistic view of poverty issues within the context of welfare changes, we propose to augment the framework by tracking a broader range of poverty-related issues.
- 99 This will help us to focus on preventative work to avoid households getting into financial difficulties and to develop targeted interventions aimed at supporting the poorest households in the greatest need.

Further work

- 100 Welfare changes and poverty issues are having an impact on residents and we will be looking at how we can continue to respond and to help those affected.
- 101 We propose to focus on further work around the following themes:
- a) Attitudes to poverty and raising its profile;
 - b) Focus on child poverty;
 - c) Involvement of agencies with direct involvement in poverty;
 - d) Credit and debt;
 - e) Further welfare reform and benefit changes;
 - f) Work and personal wellbeing and sense of worth.
- 102 As work progresses, further reports will be brought to Cabinet to update Members on developments, including national policy announcements and proposed partnership responses and interventions.

Recommendations

103 Members are asked to note the contents of this report and the further work programme proposed in paragraph 101 above.

Background papers

Cabinet, 15 October 2014, Welfare Reform Update, Report of Corporate Director Resources and Assistant Chief Executive.

Contact: Roger Goodes Tel: 03000 268050

Appendix 1: Implications

Finance – There are no new financial implications contained within the report.

Staffing – There are no new staffing implications contained within the report.

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – The council's Welfare Assistance Scheme, Discretionary Housing Payments policy and bids for funding referenced have all been subject to an equality impact assessment where appropriate.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – N/A.

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A

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Overview and Scrutiny Management Board

13 February 2015

Cabinet

14 January 2015

Implications for Durham County Council of the Government's policy programme



**Report of Corporate Management Team
Lorraine O'Donnell, Assistant Chief Executive
Councillor Simon Henig, Leader of the Council**

Purpose of the Report

- 1 On 7 May 2014, Cabinet considered the most recent report on the implications of the government's policy programme. This report provides an update on the major policy developments and announcements since then and analyses the implications for the council and County Durham.

Executive Summary

- 2 The most significant announcements since the last report to Members relate to the following, outlined in more detail below:
 - Autumn Statement;
 - Local authority funding;
 - Welfare reform;
 - Queen's speech;
 - Transformation Challenge Fund;
 - Public procurement;
 - Economic growth and devolution;
 - Planning reform proposals;
 - Transport funding;
 - Social mobility and poverty issues;
 - Care Act;
 - Integration of health and social care;
 - Criminal Justice and Courts Bill;
 - Anti-Social Behaviour, Crime and Policing Act;
 - Counter Terrorism and Security Bill;
 - Children and Families Act;
 - Early years and schools funding.
- 3 Since the coalition government was formed in 2010, it has embarked on a major programme of public service reform.

- 4 In the initial years of this government, the pace of policy announcements and reforms was intense. However, compared with previous policy implications reports to Cabinet, it is apparent that the government has made fewer major policy announcements. In part, this reflects the shift in policy effort from policy development, reform and legislation seen in the first few years to the subsequent implementation of those reforms. However, in recent months, we have started to see some announcements which begin to shape the policy landscape in the run-up to this year's General Election.
- 5 Of particular note is the Autumn Statement and the initial indication around the scale of further austerity cuts to come over the next five years if government policy remains the same. This could have significant financial implications for the council and its partners in future years and for our poorer communities, given the proposed freeze in overall welfare spending and the tightening of the household benefits cap.
- 6 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 7 The council and its partners are continuing to analyse the impact that government policy will have on local communities and on our ability to deliver the sustainable community strategy and are responding accordingly. Wherever possible, the council and its partners are working together to respond proactively to the government's policy changes, which have been taken into account in the refresh of the County Durham Sustainable Community Strategy and the council plan and supporting service plans, as considered by Cabinet at its meeting of 19 March 2014.

Background

- 8 Cabinet has considered a number of reports on government policy since the general election in 2010, the most recent of which was on 7 May 2014. Where necessary, Cabinet has also received further policy reports on specific topics, such as changes to the NHS, health and social care and welfare reform. This report builds upon these previous briefings.
- 9 Since the coalition government was formed in 2010, it has embarked on a major programme of public service reform, which has included the following:
 - a) Deficit reduction measures across all government departments, but particularly local government;
 - b) Structural reforms to reduce the number of government agencies and arm's length bodies;
 - c) The 'red tape challenge' to reduce government bureaucracy and regulation;
 - d) Changes to welfare to reduce spending and encourage more people to be independent;
 - e) NHS and public health reforms including the introduction of clinical commissioning groups and the transfer of public health to local government;
 - f) Police reforms including the introduction of directly elected police and crime commissioners;
 - g) Expansion of the academy programme and the introduction of free schools;

- h) Major reform of the planning system with new national planning policy guidance and the revocation of regional spatial planning;
- i) Abolition of the regional development agencies and the introduction of the national Regional Growth Fund and local enterprise partnerships;
- j) Initiatives to open up public services to greater transparency and more diverse and local patterns of control.

10 In the recent past, the government has tended to make fewer major policy announcements, in part, reflecting the shift in policy effort from policy development, reform and legislation seen in the first few years to the subsequent implementation of those reforms. However, in recent months we have started to see some announcements which begin to shape the policy landscape in the run up to this year's general election campaign.

Update

11 The most significant announcements and developments since the last report to Members in May 2014, relate to the following, which are outlined in more detail below:

- Autumn Statement;
- Local authority funding;
- Welfare reform;
- Queen's speech;
- Transformation Challenge Fund;
- Public procurement;
- Economic growth and devolution;
- Planning reform proposals;
- Transport funding;
- Social mobility and poverty issues;
- Care Act;
- Integration of health and social care;
- Criminal Justice and Courts Bill;
- Anti-Social Behaviour, Crime and Policing Act;
- Counter Terrorism and Security Bill;
- Children and Families Act;
- Early years and schools funding.

12 More detailed updates on welfare reform and poverty issues were considered by Cabinet on 10 October 2014 and 17 December 2014.

The Autumn Statement

13 On 3 December 2014, the Chancellor of the Exchequer delivered his Autumn Statement.

14 He advised that the growth forecasts for this year had been revised up from 2.7 percent in March to 3 percent now. The forecast for 2015 remained the same at 2.4 percent, but for the following four years have been revised down to 2.2 percent, 2.4 percent, 2.3 percent and 2.3 percent, reflecting concerns about the wider global economy.

15 With regards to government borrowing, revised figures from the Office for Budget Responsibility suggested that since the beginning of this parliament, the deficit has been halved. From its post-war peak of 10.2 percent of GDP in 2009/10, public sector net borrowing is forecast to be halved this year to 5.0 percent; to fall to 4.0 percent of GDP in 2015/16, the final year for which the government has set departmental spending plans; and to reach a small surplus of 0.2 percent of GDP in 2018/19 and 1.0 percent in 2019/20.

16 The government's plan to consolidate public spending in the next parliament is reflected in the fiscal assumption that Total Managed Expenditure (TME) will fall in real terms in 2016/17 and 2017/18 at the same rate as between 2010/11 and 2014. The government's neutral assumption is that TME will be held flat in real terms in 2018/19. The Autumn Statement confirmed that the government intends to extend the neutral fiscal assumption to 2019-20, with TME held flat in real terms for a further year.

17 Accordingly, public sector current expenditure (PSCE) is forecast to reduce as follows:

2013/13	£317.5bn
2014/15	£316bn
2015/16	£316.3bn
2016/17	£299bn
2017/18	£287.9bn
2018/19	£282.9bn
2019/20	£279.7bn

18 In his 2013 Autumn Statement, the Chancellor advised that departmental spending would be reduced by £1bn a year over the next three years (2014-17). The Chancellor has now confirmed that the government will seek a further £10bn of efficiency savings by 2017/18.

19 Other key announcements included:

- a) revisions to Stamp Duty, replacing the slab rate system with a variable incremental rate;
- b) an extra £2bn a year for the NHS until 2020 and £1.2bn investment in GP surgeries, funded by income from bank fines;
- c) a commitment to complete public service pension reforms, saving £1.3bn a year;
- d) Small business rate relief will be doubled for another year to April 2016;
- e) increasing the £1,000 business rates discount for shops, pubs, cafes and restaurants with a rateable value of £50,000 or below, to £1,500 in 2015-16;
- f) National Insurance on young apprentices under the age of 25 to be abolished and employers will no longer pay National Insurance contributions for any employees or apprentices under the age of 21 on earnings up to the upper earnings limit;
- g) Research and Development Tax Credit for small and medium companies will be increased to 230 percent and the credit for large firms to 11 percent from April 2015;
- h) A 25 percent tax will be levied on profits generated by multinationals that are shifted out of the UK. This is set to raise £1bn over five years;

- i) Inflation-linked increase in business rates will be capped at two percent, with a full review of the business rates system in 2016 after the General Election;
- j) Theatre tax break extended to orchestras and a new tax credit for producers of children's TV and animation;
- k) Support extended to small businesses with £500m of bank lending plus £400m government-backed venture capital funds which invest in SMEs;
- l) £45m package of support for exporters, with a particular focus on emerging and growing markets in Africa, Asia and South America and first time exporters;
- m) Expand tax relief on business investment in flood defences;
- n) New and modern trains will be procured to replace the old 'pacer' carriages on Northern Rail and the Trans-Pennine Express;
- o) £5.9bn will be invested into the UK's research infrastructure over 2016-21 including a £2.9bn Grand Challenges fund (investment in research facilities of national significance) and £95m to take the lead in the next European mission to Mars (may be of benefit to Durham University with its world-class expertise in space sciences);
- p) the government will work with local authorities and businesses on a local licensing simplification programme, with an expectation that, by 2018, every local authority will offer a single online application process where businesses only need register their details once.

Local authority funding

- 20 A more detailed report on the outcome of the local government financial settlement for 2015/16 is also on the agenda for this meeting of Cabinet.
- 21 More generally, Cabinet may wish to note that on 19 November 2014, the National Audit Office published its 2014 report on the financial stability of local authorities.
- 22 The report concluded that while local authorities have coped well with reductions in government funding, some groups of authorities were showing clear signs of financial stress and that the Department for Communities and Local Government had a limited understanding of authorities' financial sustainability and the impacts of funding cuts on services.
- 23 The Office reported that the government will reduce its funding to local authorities by an estimated 28 percent in real terms between 2010/11 and 2014/15. Further planned cuts will bring the total reduction to 37 percent by 2015/16, excluding the Better Care Fund and public health grant.
- 24 Although there have been no financial failures in local authorities to date, a survey of local auditors showed that authorities are showing signs of financial pressure. Over a quarter of single tier and county councils had to make unplanned reductions in service spend to deliver their 2013/14 budgets and auditors were increasingly concerned about local authorities' capacity to make further savings, with 52 percent of single tier and county councils not being well-placed to deliver their medium-term financial plans.

Welfare reform

- 25 On 1 October 2014, the government launched a consultation on the funding of welfare assistance support in 2015.
- 26 Since the withdrawal of Social Fund support in 2013, local authorities have received funding to develop local welfare assistance schemes for the most financially vulnerable. However, from April 2015 the government intends that local welfare provision should be funded from general grant to local government, as opposed to an identifiable sum being made available specifically for that purpose.
- 27 The consultation sought views on three options:
- a) Funding from existing local government budgets;
 - b) Separate visibility of local welfare provision funding;
 - c) Top slice Revenue Support Grant to fund a section 31 grant.
- 28 The government also invited consultees to come forward with other options for delivering and funding welfare provision.
- 29 On 26 November 2014, the National Audit Office published a report into the implementation and roll-out of Universal Credit.
- 30 It concluded that it was too early to determine if the Department for Work & Pensions (DWP) will achieve value for money in its implementation of the Universal Credit programme.
- 31 The report acknowledged that the delivery risks had been reduced since the implementation timetable was reset in early 2013. This had been achieved by significantly extending the timetable for introducing Universal Credit by two years to the end of 2019 and choosing a more expensive twin-track approach: rolling-out its 'live service' using pre-2013 ICT assets, while at the same time developing a new 'digital service'.
- However, the NAO identified that it was becoming increasingly unlikely that the DWP could transfer over one million tax credit claimants on to Universal Credit in April 2016 as planned without significant operational risks.
- 33 The report advised that the new programme was already six months behind schedule and that there are no contingency plans to deal with any delays in implementation. This prompted the NAO to warn that a further six-month delay could mean a £2.3bn loss in the societal benefits expected from moving people into work.
- 34 In his Autumn Statement, the Chancellor also confirmed a number of further benefit changes to reduce welfare spending:
- a) Working age benefits to be frozen for two years;
 - b) Migrants to lose unemployment benefits if they have "no prospect" of work after six weeks;
 - c) £3m to further extend pilots which join-up health and employment services to help unemployed benefit claimants with mental health

conditions.

Queen's speech

- 35 On 4 June 2014, the Queen presided over the State Opening of Parliament and delivered a speech which outlined the government's legislative programme for the final session of parliament before the General Election later this year.
- 36 Compared with previous sessions, the programme was relatively limited, consisting of 11 new bills plus three further bills which have been published in draft form for pre-legislative scrutiny:
- a) Small Business, Enterprise and Employment Bill (England and Wales);
 - b) National Insurance Contributions Bill (England, Wales, Scotland and Northern Ireland);
 - c) Infrastructure Bill (Mostly England);
 - d) Pension Tax Bill (England, Wales, Scotland and Northern Ireland);
 - e) Private Pensions Bill (England, Wales, Scotland and Northern Ireland);
 - f) Childcare Payments Bill (England, Wales, Scotland and Northern Ireland);
 - g) Modern Slavery Bill (England and Wales);
 - h) Social Action, Responsibility and Heroism Bill (England and Wales);
 - i) Service Complaints Bill (England, Scotland, Wales and Northern Ireland);
 - j) Serious Crime Bill (England and Wales - with certain provisions elsewhere);
 - k) Recall of MPs Bill (UK-wide);
 - l) Draft Governance of National Parks (England) and the Broads Bill (England only);
 - m) Draft Riot (Damages) Act Bill (England and Wales only);
 - n) Draft Protection of Charities Bill (England and Wales).
- 37 In addition, six bills were carried over from the 2013/4 parliamentary session:
- a) Consumer Rights;
 - b) Criminal Justice and Courts;
 - c) Deregulation;
 - d) Finance;
 - e) High Speed Rail (London to West Midlands);
 - f) Wales.
- 38 Appendix 2 provides more detail on the bills in the legislative programme together with other government commitments included in the Queen's Speech.

Transformation Challenge Fund

- 39 On 12 September 2014, the government announced that County Durham Fire and Rescue Service working with the council and Durham Constabulary had been awarded £500,000 in 2014/15 from the Transformation Challenge Fund. The funding will help to extend the Total Home Safety project to provide outreach workers to visit vulnerable, isolated and elderly people to make sure

they receive crime and safety advice and protection.

- 40 On 28 November 2014, the county was awarded a further £1.4m for 2015/16 towards the Durham Ask project, which seeks to transform the way local services are provided by encouraging and supporting local groups and organisations interested in taking over the ownership and management of some council services.
- 41 In the Autumn Statement, the government confirmed that it intends to continue with the Transformation Challenge Fund, and to build upon the work of the Transformation Challenge Panel, set up to look at service integration and transformation. It committed to developing the principles of service integration that underpin the Troubled Families programme, extending the approach to other groups of people with multiple needs.

Public procurement

- 42 On 16 October 2014 the government launched a consultation on the new power in the Small Business, Enterprise and Employment Bill to help small businesses gain better access to public sector contract opportunities.
- 43 The proposed enabling power would allow the government to introduce a range of measures to make procurement simpler and reduce barriers as the need arises. These measures would be introduced through secondary legislation at a future date and would impose duties on procuring authorities. At this stage the government is proposing introducing duties to:
- a) exercise procurement functions in an efficient and timely manner;
 - b) make available, free of charge, information or documents, or processes necessary for any potential supplier to bid for a contract opportunity;
 - c) accept electronic invoices.
- 44 The consultation closed on 13 November 2014 and the government's response is expected later this year.

Economic growth and devolution

- 45 On 7 July 2014 the government confirmed a Local Growth Deal with the North East Local Enterprise Partnership (NELEP). This will provide £47.9m of additional funding for 2015/16 with a further £69.6m for 2016/17 to 2021.
- 46 This is in addition to £93.1m previously committed as part of Local Growth Deal funding for the area. The government also confirmed a provisional award of a further £78.7m of funding for projects starting in 2016 and beyond, taking the overall amount of Local Growth Deal funding allocated between 2015/16 to 2021 to £289.3m.
- 47 Specific projects in Durham benefiting from the award include:
- a) Merchant Park 2, to support inward investment and supply chain development adjacent to Hitachi's new manufacturing plant in Newton Aycliffe;
 - b) Phase 3 of infrastructure development at NETPark;

- c) Sector-based skills improvement via East Durham College;
 - d) Western Relief Road in Durham City;
 - e) Horden rail station.
- 48 On 9 July 2014 the Communities and Local Government Select Committee published its report on devolution in England - the case for local government.
- 49 It called for the transfer of a range of tax raising powers to local authorities, including business rates, stamp duty, council tax and other smaller taxes and charges, along with greater flexibility to borrow for investment. It argued that releasing groups of authorities in England - centred on large city and county regions - from the fiscal grip of Whitehall could re-energise local democracy, boost England's economic performance and lead to more balanced growth across the country.
- 50 In part, the government has responded to the call for greater devolution through its policy of encouraging the establishment of combined authorities in different parts of the country, most notably Greater Manchester, where the government has agreed to devolve a further £2bn to the combined authority, which will be led by a new directly-elected Mayor. While it was expected that the Chancellor would make significant announcements about further devolution in his Autumn Statement, he fell short of devolving significant powers and budgets, but said that his door was open to local areas which wanted to follow the lead of Manchester.
- 51 Instead, the Chancellor made a number of announcements intended to support the economic development of a 'northern powerhouse' to complement the capital. These included:
- a) a further £1bn from the £12bn Local Growth Fund announced in Spending Round 2013 to be used to fund a second wave of Growth Deals;
 - b) £28m for a National Formulation Centre as part of the High Value Manufacturing Catapult based at NETPark, Sedgefield;
 - c) a new long-term investment fund, called the 'sovereign wealth fund' established from tax revenues from shale gas extraction in the north to fund reinvestment in local communities in the north;
 - d) £10m to support the expansion of the very best academy chains in areas of the north;
 - e) the possibility of extensions to Enterprise Zones;
 - f) tendering for Northern Rail and Trans-Pennine Express franchises to replace pacer carriages with modern trains.

Planning reform proposals

- 52 On 5 June 2014, the Infrastructure Bill was introduced to the House of Lords, setting out a range of proposals including reforms to increase efficiency in the planning system as follows:
- a) making changes to the procedures in the Planning Act 2008 for handling minor changes to existing development consent orders (DCOs) for nationally significant infrastructure projects (NSIPs). It would also simplify the processes for making significant changes;

- b) allowing the examining authority, (a panel of planning inspectors who consider DCO applications), to be appointed earlier on in the process, immediately after an application has been accepted;
- c) allowing the examining authority panel to comprise only two inspectors; and
- d) allowing certain types of planning conditions to be regarded as discharged if a local planning authority has not notified the applicant of their decision within a set time period.

53 In the Autumn Statement, the Chancellor announced a number of further reforms to the planning system including:

- a) the publication of new data on local authorities' performance in meeting their statutory duty to process smaller planning applications within eight weeks;
- b) the government's intention to work with industry and local authorities to test whether more can be done to support the approval of small sites in the planning system;
- c) increasing the minimum performance threshold for making decisions on major planning applications on time to 50 percent and keeping under review the speed of decisions on major applications;
- d) publishing proposals for consultation with the Budget in 2015 on making the Compulsory Purchase Regime clearer, faster and fairer, with the aim of bringing forward more brownfield land for development;
- e) the publication of revised guidance on the process for establishing the principle of development and the government will consult on a faster process for reaching agreement, considering how timescales for agreement could be introduced, and improving transparency on the use of section 106 funds.

Transport funding

54 On 11 July 2014, the government announced that it will provide £64m towards schemes in the latest round of its Local Sustainable Transport Fund, with Local Enterprise Partnerships investing over £100m of the funding they received as part of the Local Growth Fund. Further match funding will take the value of the package to over £440m.

55 The county was awarded £3.98m against total programme costs of £33.79m for the Walk To project and £840,000 against total project costs of £3.1m for the Durham Local Motion to Work.

56 In the run-up to the Autumn Statement, the government confirmed £1.5bn for 84 roads projects in England, including improvements to the A19 in Tees Valley, the A1(M) western by-pass at Team Valley and the partial duelling of the A1 in Northumberland (a project which has been announced on a number of occasions before).

57 The roads investment forms part of a £15bn strategy to improve infrastructure, which also included £100m to improve cycling provision at 200 key locations across the network, as well as a commitment to cycle-proof any new schemes being developed, a £300m environmental fund to mitigate carbon emissions and serious noise pollution and £100 million to unlock future growth and

housing developments.

Social mobility and poverty issues

- 58 On 20 October 2014, the Social Mobility and Child Poverty Commission published its second annual State of the Nation report for 2014.
- 59 The Commission reported that some progress had been made in addressing social mobility and child poverty but that the country faced a challenge to prevent Britain becoming a permanently divided society.
- 60 Progress has been made against the child poverty targets in the Child Poverty Act 2010 and relative child poverty was at its lowest level for 30 years, with absolute child poverty was close to record low levels.
- 61 While the pace of the economic recovery was faster than expected, with GDP exceeding its pre-recession peak and employment increasing, real wages were still falling and jobs were becoming less secure. The Commission concluded that different parts of society were having different experiences of recovery with big variations by age, income, family type and region.
- 62 The Commission made 12 recommendations for consideration by the next government:
- a) Supplement the existing child poverty targets with new measures to give a more rounded picture of poverty and publish a new timescale for achieving them;
 - b) Ensure that welfare reforms and fiscal policies protect the working poor from the impact of austerity, including empowering the Office for Budget Responsibility to report on each Budget's impact on poverty and mobility;
 - c) New focus in the early years on ensuring children are school ready at age five, with 85 per cent of children school ready by 2020 and all by 2025;
 - d) A national parenting campaign to be launched to help more parents become excellent parents, funded by removing childcare tax breaks from families where at least one parent earns over £100,000 per year;
 - e) Higher pay to get the best teachers into the worst schools in deprived areas of the county through a new Teachers' Pay Premium and new pay grades commissioned from the Teachers' Pay Review Body;
 - f) End illiteracy and innumeracy among primary school leavers by 2025 and a new focus on quality careers advice, character development and extra-curricular activity in secondary schools;
 - g) Closing the attainment gap between poorer and better-off children to be a priority for all schools so that by 2020 more than half of children entitled to free school meals are achieving five good GCSEs rising to two-thirds by 2025;
 - h) Long-term youth unemployment to be ended by 2020 through a package of measures including half of all larger workplaces providing apprenticeships and a new 'day one' support service to help unemployed young people straight back into work or education;

- i) Britain to become a Living Wage country by 2025 at the latest, underpinned by a new national pay progression strategy and an expanded role for the Low Pay Commission;
- j) More shared ownership options for young people to get on the housing ladder and longer-term tenancies to become the norm for families with children in the private rented sector;
- k) Universities to use the removal of the student numbers cap to significantly close the access gap so that by 2020 they are aiming to admit 5,000 more students from a free schools meals background, with Russell Group universities aiming to admit 3,000 more state school students who have the grades but currently do not get the places;
- l) Unpaid internships to be ended – through legislation if necessary – by 2020.

63 On 9 October 2014, the Competition and Markets Authority published proposals to increase price competition between payday lenders and help borrowers get a better deal.

64 The use of payday lenders has grown significantly since the recession and concerns have been expressed about responsible lending practices within the industry and the impact they have on personal debt amongst financially vulnerable people.

65 The Authority's key proposals relate to measures to encourage the development of a high quality price comparison sector for payday loans, so that consumers make more informed decisions and choices if and when they choose pay-day finance. Its principal proposals include:

- a) measures to promote the use of effective price comparison websites;
- b) a recommendation to the Financial Conduct Authority (FCA) to take steps to improve the disclosure of late fees and other additional charges;
- c) a recommendation to the FCA to work with lenders and other market participants to help customers shop around without unduly affecting their ability to access credit;
- d) a recommendation to the FCA to take further steps to promote real-time data sharing between lenders;
- e) a requirement for lenders to provide existing customers with a summary of the cost of borrowing;
- f) a recommendation to the FCA to take steps to increase transparency around the role of lead generators.

66 The Authority believes that its proposals would help stimulate greater price competition in a market, where many borrowers currently do not shop around due to the difficulties in accessing clear and comparable information on the cost of borrowing, and also make it easier for new entrants to become established and challenge existing suppliers by offering better deals for borrowers.

67 On 11 November 2014, the FCA confirmed the price cap structure to control excesses in the payday lending sector:

- a) An initial cost cap of 0.8 percent per day - this lowers the cost for most

- borrowers. For all high-cost short-term credit loans, interest and fees must not exceed 0.8 percent per day of the amount borrowed;
- b) Fixed default fees capped at £15 – this protects borrowers struggling to repay. If borrowers do not repay their loans on time, default charges must not exceed £15. Interest on unpaid balances and default charges must not exceed the initial rate;
 - c) Total cost cap of 100 percent – this protects borrowers from escalating debts. Borrowers must never have to pay back more in fees and interest than the amount borrowed.

68 As a result of the controls, from 2 January 2015, no borrower will ever pay back more than twice what they borrowed, and someone taking out a loan for 30 days and repaying on time will not pay more than £24 in fees and charges per £100 borrowed.

Care Act 2014

69 The Care Act 2014 received Royal Assent on 14 May 2014. It represents the most significant reform of care and support in more than 60 years, putting people and their carers in control of their care and support. For the first time, the Act will put a limit on the amount people aged 65 and over will have to pay towards the costs of their care (£72,000).

70 In August 2014 the Department of Health undertook a consultation on the draft regulations and guidance associated with the Care Act. The consultation focused on the changes that will come into effect from April 2015.

71 The consultation received over 4,000 responses from many different sources. The response document, published on 23 October 2014 set out the government response to the consultation, and summarised changes to the regulations and guidance as a result of the consultation.

72 The Department of Health have made changes that include clarifying the guidance on adult safeguarding and revising the eligibility criteria to focus on outcomes and better address social isolation.

73 The second phase of the reforms under the Act will be the implementation of the cap on care costs, the extended means test, and a new appeals system from April 2016. A second consultation is expected shortly.

74 As part of the June 2013 Spending Review, the government announced that they would make £335m of national funding available to local authorities in 2015/16 so that they can prepare for reforms being implemented as part of the Care Act 2014. £50m of this relates to capital monies already included in the Better Care Fund, leaving £285m 'new burdens' funding.

75 Since the announcement of the above funding the Department of Health issued a further consultation on two options for distributing the Care Act funding to local authorities, both of which result in a reduction in the proportion of the £285m that Durham will receive. Option 1 would result in an allocation of £2,786,645 which is a reduction of £565,355 or 16.87 percent and option 2 would result in an allocation of £2,639,594 which is a reduction of £712,406 or 21.25 percent. Durham submitted a response to this consultation.

- 76 Cabinet received a report in relation to the implementation of the Care Act in Durham at the Cabinet meeting on 15 October 2014.

Integration of health and social Care

- 77 The £3.8bn Better Care Fund (formerly the Integration Transformation Fund) was announced by the government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The Better Care Fund is a pooled budget which will be deployed locally on health and social care initiatives from 2015/16. Local authorities were required to submit their Better Care Fund plans to NHS Area Teams in April 2014 and following an assurance process Durham submitted its final plans on 19 September 2014. As a result of a change of policy of the £1.9bn NHS contribution to the BCF, £1bn will remain within the BCF, but will now be either commissioned by the NHS on out-of-hospital services or linked to a reduction in total emergency admissions to ensure that the risk of failure for the NHS in reducing emergency admissions is mitigated.
- 78 In December 2014 Durham's Better Care Fund Plan was formally approved.

Criminal Justice and Courts Bill

- 79 At the time of writing and subject to its parliamentary progress, the Criminal Justice and Courts Bill was expected to receive Royal Assent by the end of 2014. The Bill makes wide-ranging reforms to the justice system as well as targeted provisions to protect the public better and reduce reoffending.
- 80 The Bill will:
- deliver a package of sentencing and criminal law reforms that properly punish serious and repeat offenders and better protect victims and the public;
 - put education at the heart of youth custody, giving young offenders the tools they need to turn their backs on crime.

Transforming Rehabilitation

- 81 The Ministry of Justice 'Transforming Rehabilitation' programme of probation reforms sets out proposals for reforming the delivery of offender services. The split of probation services into two new organisations was completed on 1 June 2014 and currently exists as:
- a new public sector National Probation Service (NPS) dealing with all those who pose the highest risk of serious harm to the public;
 - 21 regional public sector Community Rehabilitation Companies (CRCs) managing all other offenders.
- 82 The nature of the working relationship between the new National Probation Service and the Community Rehabilitation Companies continues to evolve.
- 83 The programme of reform continues at speed with tight and challenging deadlines in place. The Ministry of Justice are now in the implementation

phase of these changes. Forthcoming key milestones include:

- completion of the competition process by the end of 2014;
- contract Package Areas awarded and ownership of the Community Rehabilitation Companies transferred in to private ownership. (January – March 2015).

Anti-Social Behaviour, Crime and Policing Act

- 84 The Anti-social Behaviour, Crime and Policing Act 2014 has introduced simpler, more effective powers to tackle anti-social behaviour that provide better protection for victims and communities. The powers contained within the Act came into effect on 20 October 2014.
- 85 The new community trigger and community remedy will empower victims and communities, giving them a greater say in how agencies respond to complaints of anti-social behaviour and in out-of-court sanctions for offenders.
- 86 The Act will simplify the way in which groups can be dispersed by police, premises can be closed where drug misuse is causing nuisance in the neighbourhood and public spaces can be protected by simplifying the banning of alcohol or gating off alleyways.

Counter Terrorism and Security Bill

- 87 The Counter Terrorism and Security Bill received its first reading in Parliament on 26 November 2014. The Bill has been presented in response to the growing threat of a terrorism attack which has led to the government raising the UK Threat Level to severe; meaning that an attack is highly likely.
- 88 The Bill is expected to proceed at pace and enacted at the earliest opportunity.
- 89 The Bill has seven parts and is designed to reduce the terrorism threat to the UK by giving new powers to the police to help stop people travelling overseas to fight for terrorist organisations and to manage their return to the UK. It will strengthen law enforcement agencies' ability to monitor and control the actions of those in the UK who pose a terrorist threat and enhance the government's ability to combat the underlying ideology that feeds, supports and sanctions terrorism.

Children and Families Act

- 90 The Special Educational Needs and Disabilities (SEND) reforms form part of the Children and Families Act 2014 and came into force on 1 September 2014.
- 91 The reforms change the way parents and children with SEND and young people up to age 25 with SEND receive support from local authorities. A new 0-25 years coordinated assessment process and single Education, Health and Care Plans (EHCs) have replaced Statements of Special Educational Needs (SEN). Local authorities and their partners (including health colleagues) work together to identify needs and joint processes are in place to commission and purchase goods and services for children and young people with SEND.

Young people and parents of children who have EHC Plans now have the option of a Personal Budget giving greater independence, choice and control over their support. The reforms also require local authorities to publish the 'local offer' which clearly sets out the services available for children and young people with SEND.

- 92 Durham's Local Offer was launched on 1 September 2014. Guidance has also been developed for schools and services about the content of their own Local Offer.

Schools and early years funding

- 93 On 17 July 2014, the government confirmed its Fairer Schools Funding Arrangements for 2015/16.
- 94 In March, when the Department for Education consulted on a proposal to provide additional funding to the least fairly funded authorities in 2015/16, it proposed first to ensure that all local authorities will be funded at least at the same cash level per pupil as in 2014/15; and then to allocate an additional £350m for 2015/16 to fund schools in the least fairly funded authorities.
- 95 Accordingly, Durham will receive an increase in funding of 1.7 percent, which is estimated to be £4.7m, based on October 2013 pupil numbers.
- 96 On 23 October 2014, the Department for Education confirmed £50m of early years premium funding to help disadvantaged three and four year old children.
- 97 Schools, nurseries and childminders will be given up to £300 for every three and four year-old from a low-income family to help prevent them falling behind before they start school. Nurseries will have the freedom to decide how to use the funding to help children learn and develop, for example by appointing more qualified staff or specialists in activities like speech and language to give an extra focus on basic skills.
- 98 The government also announced that seven areas will share a £1m pot to trial the new support for two year olds ahead of national roll-out next April.

Consultations

- 99 Since the last report to Cabinet in May 2014, the government has opened 203 consultations and calls for evidence. Appendix 3 details the consultations and calls for evidence which are currently open (as at 9 December 2014).

Implications

- 100 The government's policy proposals have many implications for the county and the council, its role and function and the way it works with and relates to local communities and strategic partners. Below, we provide a commentary against the strategic themes of the Council Plan and County Durham Sustainable Community Strategy.

Altogether better council

- 101 The Autumn Statement re-confirmed the government's intention to maintain its austerity programme beyond 2015/16. Total managed expenditure is forecast to reduce over the next three years and to be held flat in 2019/20 as well as 2018/19 as announced in the 2014 Budget.
- 102 Whereas initially, the government suggested that it would reduce the deficit through a programme of 80 percent spending reductions and 20 percent tax increases, the Chancellor is now focussing efforts on maximising spending cuts as opposed to increasing taxes.
- 103 If the government maintains its pledge to protect spending on schools and the NHS, the cuts for other public services would be on a scale never seen before. The Office for Budget Responsibility calculated that spending per head in real terms in 2019/20 on the public sector minus health and schools would be £1,290, or 57 percent less than in 2009/10.
- 104 The Institute for Fiscal Studies¹ (IFS) has forecast that the government will need to make a further £55bn worth of cuts by 2020 in addition to the £35bn already made. It described these as spending cuts on a 'colossal scale', which will take total government spending to its lowest level as a proportion of national income since before the last war. The Institute estimates that £21bn of welfare cuts will be needed by 2020 to avoid other government departmental budgets being cut further.
- 105 In addition to having to manage spending reductions on an unprecedented scale, the uncertainty in how council services will be funded is set to continue given the proposed review of business rates, which will also look at the collection and administration of business rates revenue as well as the rating and taxation system itself.
- 106 While the £1.9m the county secured through the Transformation Challenge Fund is very welcome, it represents a further extension of the 'challenge fund' approach, where the council has to compete for funding against other areas, whereas in the past it would have been funded on the basis of need.
- 107 Again, this increases uncertainty, but also the amount of cost and resources involved in securing funding for the council and the county.

Altogether wealthier

- 108 The confirmation of Local Growth Deal (LGD) funding for the NELEP is welcome and will help to fund important projects in the county including the further development of investment and employment around the new Hitachi plant and the continuing development of NETPark.
- 109 However, to put the award in context, the total amount of LGD funding allocated between 2015 to 2021 at £289.3m, compares with annual funding of One North East at £250m.

¹ http://www.ifs.org.uk/uploads/publications/budgets/as2014/as2014_johnson.pdf

- 110 Some government announcements will help to progress the strategic programme to regenerate the county. For example, funding has been confirmed for the Western Relief Road in Durham City, which is a major infrastructure proposal included in the County Durham Plan and the Durham City Masterplan. In addition, the high value manufacturing catapult project at NETPARK stands to benefit from the £28m investment in the National Formulation Centre.
- 111 However, the continuing squeeze on welfare spending will continue to have a disproportionate impact on the county, given the large number and high proportion of benefit claimants in the county. Working age benefits are to be frozen for two years and the household benefits cap reduced by £3,000, at a time when low income households are having to contend with rising prices for essential items such as food, energy and housing.
- 112 In addition, the consultation on the funding of welfare assistance in 2015 seemed to be based on the premise funding will be cut, leaving welfare assistance to be funded from wider local government budgets.
- 113 Both the council and the Association of North East Councils (ANEC) responded to consultation, requesting that funding be continued, given the help and support being provided. The council is currently considering options for how it could continue to provide assistance beyond March 2015, should the current funding end.

Altogether Healthier

- 114 The Care Act will have significant implications for local authorities in the coming years. New duties will be placed on local authorities from April 2015 (care and support duties) and April 2016 (new financial duties).
- 115 Nationally and locally, concerns have been raised in terms of the timescales and financial challenges the Care Act presents.
- 116 The reforms are expected to create an increased demand for adult social care services. It is expected that there will be an increased demand for financial and care and support assessments from self-funders (people who currently fund their own care), carers, young people who will have social care needs after they reach 18 and prisoners, including people in approved premises and on bail.
- 117 Due to the number of prisons in County Durham the introduction of the duty to meet the social care needs of prisoners will have an impact on resources. The short timescales for the introduction of this duty also presents a challenge to the authority.
- 118 The Care Act implementation is taking place at the same time as unprecedented financial reductions in local government, placing additional pressures on the council while it works to meet the requirements of the Medium Term Financial Plan.
- 119 With regards to the Better Care Fund, the County Durham Better Care Fund has been split into the following seven work programmes:

- **Short term intervention services** which includes intermediate care community services, reablement, falls and occupational therapy services;
- **Equipment and adaptations** for independence which includes telecare, disability adaptations and the Home Equipment Loans Service);
- **Supporting independent living** which includes mental health prevention services, floating support and supported living and community alarms and wardens;
- **Supporting Carers** which includes carers breaks, carer's emergency support and support for young carers;
- **Social inclusion** which includes local coordination of an asset based approach to increase community capacity and resilience to provide low level services;
- **Care home support** which includes care home and acute and dementia liaison services;
- **Transforming care** which includes maintaining the current level of eligibility criteria, the development of IT systems to support joint working and implementing.

Altogether Safer

- 120 The Transforming Rehabilitation Programme aims to reform local delivery of probation services and effective probation and offender management services in the county need to be maintained during the transition process.
- 121 Durham Tees Valley Probation Trust's contract with the Ministry of Justice ended on 31 May 2014. Probation staff have been identified and aligned to either the National Probation Service or the Community Rehabilitation Company and the migration and splitting of probation services and systems over the weekend of 1 June 2014 went smoothly and with no disruption to services.
- 122 The public sector Community Rehabilitation Company will provide probation services until the end of January 2015 (this date is still flexible), before a mobilisation phase transferring over to the new private Community Rehabilitation Company contract provider by March 2015.
- 123 On 29 October 2014 the Ministry of Justice announced the list of 'Preferred Bidders' for each of the 21 Contract Package Areas. In the Durham Tees Valley area, the 'Preferred Bidder' status for the Community Rehabilitation Company has been won by ARCC (Achieving Real Change in Communities) Community Interest Company. The preferred bidder status means that ARCC are now the only supplier with whom Ministry of Justice is in talks to arrange the CRC contract within Durham Tees Valley. Once the preferred bidder stage has concluded, the final offer will be presented and the contract awarded.
- 124 The Counter Terrorism and Security Bill places a general duty on specified authorities, including local authorities, police, prisons, probation, further and higher education, NHS Trusts/Foundation Trusts and clinical commissioning groups, who must, in the exercise of its functions, have due regard to the need to prevent people from being drawn into terrorism.

- 125 The Contest Silver Group in County Durham has strong and robust arrangements in place to take forward counter terrorism work and this new duty will put these existing arrangements on a statutory footing requiring local areas to:
- understand the terrorist ideology and the threat and risk this presents to the local area;
 - ensure front-line staff understand 'prevent' and are able to recognise when an individual shows potential signs of being vulnerable to radicalisation and what to do about it;
 - provide early intervention so that those most at risk are given support at an early stage.
- 126 Since 2009 the Contest Silver Group has undertaken significant awareness raising activity and the council has been at the forefront of this work delivering training and producing e-learning materials for front-line staff across a number of organisations. However, there is still more to do in order to fully embed 'prevent'.
- 127 Local Authorities are to become the 'responsible local authority' required to put in place, chair and manage a multi-agency group/panel that will receive referrals of those who are suspected of being vulnerable to radicalisation. Local arrangements, called 'Channel' have been in place since 2008 and have been led by Durham Constabulary, however, there will be implications in terms of raising staff awareness, developing local procedures and resourcing and managing the panel. Although it is anticipated at this stage that the number of referrals will be small, delivering specialist interventions could be challenging for the local authority. It will be important that criteria for receiving a referral to the Channel process is maintained in order that the panel deal only with individuals who are vulnerable to being drawn into terrorism.

Altogether Better for Children and Young People

- 128 The Children and Families Act has changed the authority's processes for providing for children with Special Educational Needs and Disabilities, and also assessments for children turning 18. This could result in an increase in the number of assessments carried out, which would increase pressure on the council and NHS services.

Implications for partnership working

- 129 Given the scope of government reforms, the council continues to work with partners to ensure that we achieve the aims of the sustainable community strategy.
- 130 The County Durham Partnership considers these policy implications reports alongside Cabinet and Corporate Issues Overview and Scrutiny Committee. Emerging government policy and legislation have been taken into consideration, as the partnership refreshed the sustainable community strategy for the county, which was considered by Cabinet on 19 March 2014.

Conclusions

- 131 Since the coalition government was formed in 2010, it has embarked on a major programme of public service reform.
- 132 In the initial years of this government, the pace of policy announcements and reforms was intense. However, compared with previous policy implications reports to Cabinet, it is apparent that the government has made fewer major policy announcements. In part, this reflects the shift in policy effort from policy development, reform and legislation seen in the first few years to the subsequent implementation of those reforms. However, in recent months, we have started to see some announcements which begin to shape the policy landscape in the run-up to this year's General Election.
- 133 Of particular note is the Autumn Statement and the initial indication around the scale of further austerity cuts to come over the next five years if government policy remains the same. This could have significant financial implications for the council and its partners in future years and for our poorer communities, given the proposed freeze in overall welfare spending and the tightening of the household benefits cap.
- 134 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 135 The council and its partners are continuing to analyse the impact that government policy will have on local communities and on our ability to deliver the sustainable community strategy and are responding accordingly. Wherever possible, the council and its partners are working together to respond proactively to the government's policy changes, which have been taken into account in the refresh of the County Durham Sustainable Community Strategy and the council plan and supporting service plans, as considered by Cabinet at its meeting of 19 March 2014.

Recommendations

- 136 Members are recommended to note the contents of this report and the actions taken to anticipate and respond to the government's reforms.

Background papers

Cabinet, 7 May 2014, Implications for Durham County Council of the Government's policy programme

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Appendix 1: Implications

Finance – The government’s decision to continue with its austerity programme will have on-going financial implications for the council, which will have to continue to reduce spending within its medium term financial plan.

Staffing – No specific implications have been identified.

Risk – Individual assessments of the risks associated with specific policy proposals are undertaken as a matter of course in council project planning and management.

Equality and Diversity – Equality impact assessments will be undertaken on individual policy proposals the council develops in response to the government’s reforms.

Accommodation – No specific implications have been identified.

Crime and Disorder – No specific implications have been identified.

Human Rights – No specific implications have been identified.

Consultation – No specific implications have been identified.

Procurement – No specific implications have been identified.

Disability Discrimination Act – No specific implications have been identified.

Legal Implications – A number of the government policy changes outlined above, place new statutory duties on the council and change the regulatory framework in which it operates. The council considers the legal implications of all decisions it takes.

Appendix 2: Legislative programme outlined in the Queen's Speech 2014

Small Business, Enterprise and Employment Bill (England and Wales)

Small firms will be given fair access to government and other public sector procurement. A register of beneficial ownership will outline who owns and controls British companies. There will be tougher penalties for firms flouting minimum wage rules and "abusing" zero hours contracts. A new statutory code for pub tenancies will be created, with an adjudicator to rule on disputes between publicans and pub owners. Childcare regulations will be made more flexible. Highly paid public sector workers will be prevented from claiming redundancy and returning to the same line of work within 12 months.

National Insurance Contributions Bill (England, Wales, Scotland and Northern Ireland)

The way national insurance contributions are collected from the self-employed will be simplified. Revenue and Customs will be given new powers to enforce payments in tax avoidance cases. Targeted anti-avoidance rules will be introduced to determine whether arrangements are designed to avoid or minimise national insurance payments. A legislative timetable is to be developed so that the bill takes effect from April 6, 2016 (for the 2015-2016 tax year onwards).

Infrastructure Bill (Mostly England)

The Highways Agency will be turned from an executive agency into a government-owned company, with a shake-up of its funding. The process of applying for a development consent order (DCO) for building projects of national significance will be simplified and speeded up. The Homes and Communities Agency will be able to assume control of land directly from other government quangos. Subject to the outcome of a consultation, developers will be able to run shale gas pipelines under people's land without their permission. Energy firms will have to pay a levy to fund a beefed-up market regulator. A new "super agency" for the North Sea will be set up. Construction firms will be able to "offset" the carbon emissions of new homes after they have been built, to meet zero carbon standards due from 2016. 'Species Control Orders' would be introduced to control non-native species that threaten infrastructure, biodiversity and the water environment. On planning, the Bill will allow for some planning conditions to be discharged should local planning authorities fail to notify developers within a certain time period and the responsibilities of the Land Registry would be extended, with statutory responsibility for local land charges register and local land charges searches transferred to it.

Pension Tax Bill (England, Wales, Scotland and Northern Ireland)

People aged 55 and over with defined contribution pensions will be able to withdraw their savings as they wish, subject to marginal rates of income tax and scheme rules. No-one will be required to buy a guaranteed lifetime annuity with their pension pot and all other existing restrictions on accessing entitlements will be lifted. New measures will be introduced to prevent exploitation for tax purposes.

Private Pensions Bill (England, Wales, Scotland and Northern Ireland)

New "defined ambition" collective pension schemes will be launched as an alternative to other existing options. This would allow thousands of people to pay into the same scheme and share the risk. All those approaching retirement who have defined contribution pensions will be entitled to guidance. Pending the outcome of a

consultation, the government will have the power to ban people transferring out of private and unfunded public defined benefit schemes.

Childcare Payments Bill (England, Wales, Scotland and Northern Ireland)

A new tax-free childcare subsidy worth up to £2,000 a year per child will be introduced in the autumn of 2015. All parents with children under the age of 12 will be eligible, if they are in paid work, earn less than £150,000 a year and meet other eligibility criteria including conditions relating to the number of hours they work, age, residency and other sources of government support.

For every £8 paid by parents towards the cost of childcare, the state will provide a £2 top-up. The existing employer-supported childcare scheme will be repealed.

Modern Slavery Bill (England and Wales)

Existing criminal offences relating to slavery will be consolidated into one piece of legislation. Those convicted of the most serious offences, including trafficking, could get life sentences while others will be subject to restrictions on their movements and activities. The courts will be able to order offenders to compensate their victims, and powers on asset confiscation will be strengthened. An anti-slavery commissioner will be established to coordinate the response of law-enforcement agencies. Victims of slavery who are forced to commit an offence will not be treated as criminals. It will be made easier for the authorities to act when they suspect criminal activities are taking place on board vessels at sea. Statutory guidance on victim identification and victim services will also be provided by the Bill and with an enabling power for child advocates to support child victims of trafficking.

Social Action, Responsibility and Heroism Bill (England and Wales)

People who are sued after intervening in emergencies or acting to protect the safety of others will have new legal defences. When considering negligence and breach of duty cases, courts will have to consider the "wider context" of defendants' actions, including whether they behaved responsibly and "for the benefit of society" or had taken "heroic action" to help people in danger with no regard to their own safety.

Service Complaints Bill (England, Scotland, Wales and Northern Ireland)

The commissioner who investigates complaints against members of the armed forces will be given added powers. A revamped ombudsman will be able to look into whether grievances have been handled properly and to be able to overturn a decision to exclude a complaint. They will also be able to recommend actions to the authorities. New powers will allow charitable donations to continue to be made to organisations supporting the armed forces in Scotland, Wales and Northern Ireland.

Serious Crime Bill (England and Wales - with certain provisions elsewhere)

The laws on recovering criminal assets will be strengthened. The scope of serious crime prevention orders will be extended. A new offence of knowingly participating in an organised crime group will be created. The possession of "paedophilic manuals" will be made a criminal offence. There will be tougher sentences for cybercriminals and those disabling computer systems. A new offence of causing psychological harm to children through parental neglect will be created. Habitual as well as permanent residents of the UK will be liable for prosecution for female genital mutilation. Those suspected of attending terrorist training camps abroad, such as in Syria, and other acts preparatory to terrorism will be liable for prosecution in the UK.

Recall of MPs Bill (UK-wide)

Voters will be able to trigger a by-election where an MP has committed serious wrongdoing and 10% of their registered constituents have signed a petition over an eight-

week period. The "recall" process would be triggered if an MP is convicted of an offence and receives a custodial sentence of less than 12 months and when the Commons agrees to such a process.

Draft Governance of National Parks (England) and the Broads Bill (England only)

It would allow direct elections to be held for key positions in England's 10 National Park Authorities and the Broads Authority, which manages the Norfolk and Suffolk Broads. It would enable parish councils to choose their representatives on the authorities from a wider group of candidates.

Draft Riot (Damages) Act Bill (England and Wales only)

The system for compensating individuals and businesses that have been victims of criminal damage and financial loss as a result of riots would be modernised. Subject to consultation, damage to vehicles would be covered, but there would be a cap on payments to very large businesses and their insurers. It would establish a riot-claims bureau.

Draft Protection of Charities Bill (England and Wales)

Subject to the outcome of a consultation, the powers of the Charity Commission would be strengthened to tackle those abusing the rules and presenting a "known risk".

Carried-over bills

In addition, six bills were carried over from the 2013/4 parliamentary session:

- Consumer Rights
- Criminal Justice and Courts
- Deregulation
- Finance
- High Speed Rail (London to West Midlands)
- Wales

Other commitments

The government also re-affirmed its commitment to a number of other measures, including:

- **Plastic bag carrier charge** - from October 2015, the government intends to introduce a 5p charge on all single-use plastic carrier bags in England. The government has stated that it expects retailers to donate the proceeds of the charge to good causes through a voluntary agreement.
- **Updated Charter for Budget Responsibility** - the government is currently reviewing its fiscal policy objectives and mandate and intends to present an updated Charter for Budget Responsibility to Parliament alongside the 2014 Autumn Statement later this year. (It was subsequently confirmed that consultation will take place in early 2015.)
- **ISAs and Premium bonds** - it was announced in the Budget that the overall ISA limit would be increased to £15,000 as of July 1 2014. From April 2015, the starting rate of savings income tax will be lowered from 10 per cent to zero and the band to which it applies will also be extended.
- **Welfare cap and reform** - the government reaffirmed its commitment to a new cap on the overall benefits bill, with any further increase subject to Parliamentary approval.
- **Housing supply and Housing ownership** - the Queen's Speech reaffirmed the commitment to extend the Help to Buy scheme to 2020 through a £6bn fund announced in this year's Budget. The Speech confirmed that delegated legislation

would be introduced in the new session to allow for a new garden city in Ebbsfleet. Delegated legislation will also be amended to reform the change of use rules to make it easier for empty buildings to be converted into productive use.

- **Apprenticeships** - the government has committed to increasing the total number of apprenticeship places to two million by the end of the new session. It was also announced that the third phase of the Trailblazers apprenticeship standards redesign would be announced in September.
- **Education** - the government will be investing over £7bn from 2015 to 2021 to ensure that the supply of free school places meets need. New GCSE and A level courses will be linear with exams at the end of the course. The new qualifications will be phased in from 2015 to 2017. From September 2014 every child in reception, year one and year two in state-funded schools will receive free school meals.
- **Scottish independence** - the government re-affirmed its belief that United Kingdom should be kept together and its commitment to provide Scotland with greater fiscal responsibility through implementation of the Scotland Act 2012.
- **Northern Ireland** - the government reiterated that it remained on course to make a final decision on the potential devolution of corporation tax powers no later than the Autumn Statement 2014.
- **International relations** – the government reaffirmed its commitment to reform the European Union, including its proposal of a ‘red’, ‘yellow’ and ‘green’ card system to strengthen the role of national parliaments when the Commission makes new proposals. The government reaffirmed its commitment to improve the humanitarian situation in Syria and confirmed that the transition of lead security responsibility to the Afghans was on track for completion by the end of 2014.
- **Climate change** - the commitment to reduce emissions by 80 per cent was reaffirmed.
- **Transferable tax allowance for married couples** - from 2015/16 a new transferable tax allowance for married couples and civil partnerships will be available, worth up to £210 per couple. It is currently being legislated for in the Finance Bill 2014.
- **Electricity market reform** - it was confirmed that the Contracts for Difference and Capacity Market mechanisms, introduced in the Energy Act 2013, would be implemented by the end of the year through delegated legislation.

Appendix 3: : Government current consultations and calls for evidence

Consultation	Government Department	Closing date
Update to the draft river basin management plans	Environment Agency	10/04/2015
Open consultation: Reforming environmental guidance and information obligations	Department for Environment, Food and Rural Affairs	31/03/2015
Standard Rules Consultation No. 12 – new and revised standard rule sets	Environment Agency	06/03/2015
Funding for children and young people with SEND	Department for Education	27/02/2015
Guidance for Enforcement Authorities and Food Businesses on the Use of Private Water Supplies in Primary Production in relation to Regulation (EC) No 852/2004	Food Standards Agency	18/02/2015
The Food Law Code of Practice (England) Review	Food Standards Agency	04/02/2015
Waste classification and assessment - technical guidance WM3	Environment Agency	03/02/2015
Confidentiality and information sharing for direct care - Guidance for health and care professionals	Department of Health	31/01/2015
Draft flood risk management plans	Environment Agency	31/01/2015

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Overview and Scrutiny Management Board

13 February 2015

Cabinet

14 January 2015

County Durham Partnership Update



Report of Corporate Management Team

Report of Lorraine O'Donnell, Assistant Chief Executive

Councillor Simon Henig, Leader of the Council

Councillor Brian Stephens, Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships

Purpose of the Report

1. To update Members on issues being addressed by the County Durham Partnership (CDP) including key issues from the Board, the five thematic partnerships and all area action partnerships (AAPs). The report also includes updates on other key initiatives being carried out in partnership across the county.

Summary

2. A huge amount of partnership activity has been delivered in the last few months of 2014 that evidences the connected and yet diverse work led by all parts of the partnership.
3. The renewed Sustainable Community Strategy (SCS), the overarching strategy for the county, was launched at the CDP event in November and confirms the partnership's vision and priority themes as well as looking ahead and key areas of focus of the partnership in the years to come. Some of the strategies that underpin the SCS have also been refreshed including 'No Health without Mental Health' and the Healthy Weight Strategic Framework, both recently ratified by the Health and Wellbeing Board.
4. In periods of austerity it is important to recognise the achievements of local communities and organisations and the partnership has done this through a number of award ceremonies and events. The Environment Partnership celebrated the 25th annual Environment Awards in November and recognised three projects with an Outstanding Award, the first time it has done so. Durham Community Action held its first Volunteering Awards in October culminating with the Volunteer of the Year being officially recognised for their hard work and dedication to helping others. All parts of the partnership came together at the CDP Event in November to celebrate the achievements over the last five years and to look at how we tackle some of the challenges going forward together. In addition to this, the Health and Wellbeing Board and the AAPs have all held consultation events using a variety of

mechanisms to engage. The new VCS Better Together Forum has also held two meetings in recent months. This brings together over 20 of the larger or specialist VCS organisations working across county and aims to share good practice and prepare for the future collaboratively. Thousands of people have been engaged with the partnership through this wide range of activity, all of whom play a valuable role in achieving the objectives set out in the SCS.

5. Expressions of interest continue to be submitted on the Durham Ask. This asset transfer programme is building on the successful community buildings programme which is now nearing completion with the majority of the buildings due for transfer imminently and over £500,000 of external funding brought in. The lessons learned from this will help shape the Ask going forward. £1.4 million recently received from the Government's Transformation Challenge Award (TCA) will help with the delivery of the Ask as well as supporting the voluntary and community sector to build sustainable support for volunteers. This follows on from the Fire Service successfully bidding for £500,000 under the TCA 2014/15 programme to deliver their Safer Homes project, building on their Total Home Safety work.
6. In addition to the above funding, the European Social Investment Fund Strategy and Operational Programmes have been submitted to Government with approval expected in the New Year. This will lead to over €156 million for County Durham, its share of the €537 million fund in total.
7. Welfare Reform and the poverty agenda continue to be key area of focus for the partnership with all partners working together to mitigate the impacts of changes on local people. As well as two conferences, all AAPs are addressing this issue with additional funding approved by Cabinet earlier this year. As the challenge increases the CDP has identified six key areas of focus and will regularly update the CDP Board and Cabinet on these going forward.
8. The council has carried out a light touch consultation on its budget following on from the comprehensive one carried out in November 2013. This was through the AAP forums as well as at other specific events and online with findings being reported to Cabinet at a future meeting.

Partnership Event

9. The CDP held an event on Thursday 20 November that looked back over the first five years of the work of the partnership and with Cllr Henig highlighting some of the key achievements to date. The event was the first of its kind and offered an opportunity for all parts of the wider partnership to come together to share best practice and look at how we can continue to work positively together moving forward.
10. The renewed Sustainable Community Strategy (SCS) was launched at the event by Cllr Henig. This builds on the SCS published in 2010 and sets out the partnership's ambitious vision for what the County will look like in 2030. It is the overarching plan for the county and summarises the work ongoing across the five priority themes of Altogether wealthier; better for children and young people, healthier; safer and greener and the 14 AAPs. It also sets out how partners work with the voluntary and community sector and the town and parish councils across the county and the benefits of working together.

11. Board Members, Thematic Chairs and Board Members and AAP representatives all played a key role in the event on the day and in preparation which made it a positive and engaging event. Helen Marriage, Director of Artichoke, was keynote speaker, and spoke of the incredibly positive experience of working with partners in Durham. Chief Constable Mike Barton also spoke to delegates on problem solving and showed how using different approaches and thinking of issues in a different way can be useful in tackling problems going forward.
12. Feedback received, both from delegates on the day and from evaluation forms, has been very positive with people also commenting on actions that they will take following their attendance at the event.

Durham Ask

13. The Council continues to focus on the 'Durham Ask' which is about working with community groups, town and parish councils and local organisations to transform the way local services are provided by transferring them to local management. To help achieve this ambition the Council has been successful in its bid for £1.4 million from the Government's Transformation Challenge Award fund. The funding is to support local authorities to transform the way they work, make changes to their business processes and work with the wider public sector to improve services for local people. This will increase the number of social and community enterprises and encourage volunteering and enhance the volunteering experience. It will also reduce council spending whilst protecting the services and facilities local people most value.

Joint working with the Voluntary Sector and Local Councils

14. The **Local Councils Working Group** invited a representative from Northumberland's County Association to its October meeting to hear about how town and parish councils work together as well as how they work with Northumberland County Council. It was interesting to find out that five of the newer parish councils, created immediately prior to Local Government Reorganisation, have Partnership Agreements that cover a range of services delivered by Parish Councils. These involve a financial contribution from the parishes of £200,000 raised through precept increases. They involve joint teams covering neighbourhood service type activity currently with the hope of rolling them out to other services such as leisure and youth activities etc.
15. The December meeting heard from Andy Coulthard, AAP Co-ordinator for Mid Durham, about the positive working arrangements that exist with the County Durham Association of Local Councils local forum in their area. This has included parishes in the area contributing financially towards participatory budgeting and shared projects including Silver Talk, which has been rolled out nationally.
16. The **Voluntary and Community Sector Working Group** invited Karen Lynn from Cornforth Partnership to talk to the group on consortia working. This was a comprehensive presentation which included the requirements for successful consortia working and the challenges /barriers involved. Karen highlighted the key considerations which organisations need to take account of before entering into consortia and also gave examples of successful consortia across the region.
17. Julie Form gave feedback from the first gathering of the **Better Together Forum**. Membership is made up of the larger countywide or regional VCS organisations

operating in the county, with DCA representing smaller voluntary and community groups. The purpose of the forum is to horizon scan, share best practice and look for new opportunities to collaborate. A quick straw poll had identified that fifteen organisations present had a combined annual turnover of £18M; employed 480 staff; and worked with 1500 volunteers. The second meeting on 3 December included a workshop led by Sue Parkinson on preparing for EU Funding. Julie also introduced a regular slot for organisations to share their recent successes, key opportunities they are pursuing and any learning points from any recent disappointments.

18. The County Durham Volunteering Awards, organised by Durham Community Action, showcased the work of individual volunteers from across the county. The awards ceremony, involving over 200 people, took place at Ramside Hall Hotel, Durham on 16 October 2014. The aim of the event was to recognise and celebrate the work done by volunteers who freely give up their time to improve the lives of others. The award categories mirrored the five altogether themes, together with a Young Volunteer of the Year and a County Durham Volunteer of the Year. The awards were supported by the Northern Echo and Smooth Radio and sponsored by the Council, Beamish Museum, Banks group; Northumbrian Water; the two Clinical Commissioning Groups and the Police and Crime Commissioner.
19. In addition to the DCA Awards, **East Durham AAP** also held their own Volunteering Recognition Awards which built on the Volunteer Awards ceremony held in 2012 and highlights the significant contribution made by volunteers in the area. The event which was also the East Durham Area Action Partnership Autumn Forum, was attended by 195 people, all of whom were offered the opportunity to vote on the AAP 2015/16 priorities.

Additional External Funding Secured

20. Through the Community Buildings Asset Transfer Programme over £570,000 has been brought into the county to support management committees of community buildings. This programme of work is nearing completion and will see 96 remain in community use. The significant additional income for the programme has been achieved through the work of Community Buildings Team, alongside colleagues in the voluntary and community sector and the AAPs, who have empowered groups to bring in their own funds for projects and capital works and providing support to enable the groups to write the actual bids. They have also liaised with funders such as Big Lottery, Awards for All and Locality as well as some lesser known charities and sources of funding including the Scotty Trust, COMA and the Postcode Lottery. Town and Parish Councils have also contributed to the success of the programme. Links to expert advice and guidance from the council's central funding team and County Durham Community Foundation have also been very valuable.
21. The transfer of Quarrington Hill Community Centre to its management committee is a positive example of joint support given to a community building by the council and the VCS. Initially this was in establishing a new management committee and then guiding the new committee through the lengthy process of asset transfer, to become one of the first to complete the process in the county.
22. With the new management committee in place, they secured nearly £7,000 from the AAP's Its Up 2U Participatory Budget scheme to carry out refurbishments to the centre, enabling the group to offer a wider range of activities and functions from the

centre, which in turn generates a larger income to sustain it. In 2014 the committee also successfully bid for 46,019 external funding from Lafarge Tarmac. This enabled more substantial refurbishment of the centre including changing rooms being transformed to become new meeting rooms, offering more rentable space for the centre.

23. **Mid Durham AAP** and its partners work closely with a variety of community groups across the AAP area to support them with governance, policy, funding, information and advice. They have supported, alongside Durham Community Action and Durham County Council's Regeneration Service Grouping, a range of community venues to bring in external funding, develop business plans and policies. The team has worked with sports clubs to develop successful funding bids and local businesses and developers to support community cohesion projects. The creation of village action plans where local residents have had the ability to feed in their local issues and work with the AAP and partners to try and solve them has led to this work.
24. The Council and partners work closely with County Durham Community Foundation (CDCF) as the prime funding agency for small and medium sized local voluntary groups with AAPs building close links in localities. **Chester Le Street and District AAP** is one AAP that has had early successes through supporting two groups to obtain £7,000 between them from CDCF. Further applications are in the process of being developed.
25. Over £40,000 of funding was secured to construct a MUGA pitch within the Horndale area of Newton Aycliffe through **GAMP AAP**. The AAP has also been proactive in supporting a wide range of local community groups access external funding to develop their projects. Funding was secured from Livin, Section 106 monies and a wide range of local trusts and charities. This partnership approach also resulted in Great Aycliffe Town Council allocating land for the development and agreeing to undertake all future maintenance and insurance obligations.
26. **Weardale AAP** supports their partners at the Killhope North of England Lead Mining Museum in trying to attract more visitors and enhance their visitor offer. They have also helped the museum's team by working on a submission for HLF funding.
27. There is a potential of a £1.5m investment into the **Bishop Auckland and Shildon AAP** area through a number of community initiatives such as Shildon Community First, Gaunless Gateway Big Local and the Shildon Health Express. The AAP has also successfully brokered an arrangement with a Charitable Trust which has seen further investment not only in the BASH AAP area but across the County. This arrangement has involved showcasing and introducing potential projects to the trust via a series of project visits. In the last 12 months this has seen an investment of £228,000 into the County with projects in BASH, 3 Towns, East Durham and Teesdale AAP Areas benefitting.
28. A number of AAPs (**Stanley, 3 Towns and Teesdale**) have recently launched small grants funds through their forums with different amounts available depending on the area. Teesdale's is focused on its children and young people's priority group and is delivered in partnership with the YMCA whilst 3Towns' must be led by children and young people themselves. These types of grants are invaluable to

local groups and charities and enable them to put on events as well as providing small amounts of support to their members.

29. **East Durham AAP** Team has attracted over £4.5m in match funding into East Durham and delivered an average of over 110 projects a year since 2010. Since May 2014 a total of £102,766 has been secured for ten community based projects. The community development role of the officers has resulted in the delivery of community based projects that have also attracted this additional funding for the area.

Altogether wealthier

30. The **County Durham Economic Partnership (CDEP)** at its Board meeting in November focused its discussion on Enabling Growth in County Durham. Some of the key issues, challenges and areas of discussion included plans for developing transport infrastructure within the county and the role of the North East Combined Authority (NECA), as the single body with the responsibility for strategic transport across the all seven local authority areas within the North East.
31. An EU workstream update report was presented to the board to illustrate the breadth of activity that is being considered via partners. Core activity has included the Social Inclusion conference held in September 2014 with over 160 partners in attendance and continued communication with the North East Local Enterprise Partnership at both individual and group level. The UK's Partnership Agreement has now been agreed with the European Commission. This is the high level strategy, which sets out how European Structural and Investment Funds will be spent across the UK. The more detailed Operational Programmes for ERDF and ESF for England are now being negotiated with the Commission. The outcome of these negotiations may have further implications for County Durham depending on the detail that is included in the Operational Programme.
32. The Durham City Board continues to provide strategic governance and leadership to a series of interrelated initiatives and partnership activities in the City. Setting out a strategy for the future development of the City requires a multi – faceted approach while balancing people, business and place. To support the wide nature of the agenda and incorporate a broad section of views, membership has recently been reviewed and the group has welcomed new members from the Durham City BID, Atom Bank, Durham City MP, Federation of Small Business and Carillion. The group further supports and builds on the aspirations to deliver schemes like Freeman's Reach, Aykley Heads, Northern Quarter, infrastructure and transport within the city, Millburngate House and North Road, as well as developing 'place promotion' through inward and business investment and building the Durham City brand. Working with Visit Durham, partners on the board have proactively support initiatives to improve the City
33. The promotion of the county's food and drink offer, the final stage in Visit County Durham's three year Regional Growth Fund (RGF) national marketing campaign, went live at the beginning of September 2014 through high profile media activity. Activities included posters on the London Underground, digital billboards at Edinburgh Waverley and Manchester Piccadilly train stations, online adverts on the Telegraph and Guardian websites and editorial in the Telegraph, Observer and Evening Standard. Durham also features in the launch of the new national Magna

Carta Trails, the tourism activity developed to celebrate the Magna Carta 800th anniversary in 2015.

34. AAPs continue to support altogether wealthier as the county's top priority with a range of projects and initiatives aimed at supporting local businesses and individuals looking to re-enter the job market or retrain.
35. In the last two years **East Durham Rural AAP** has given £33,929 area budget, matched with £34,000 of Community Economic Development County Wide Targeted Business Improvement funding for its targeted business improvement scheme aimed at improving shop fronts and boosting the appearance of town and village centres. The scheme has helped to safeguard these businesses as the improvements made have meant increased footfall and therefore jobs have been secured.
36. As showcased at the recent County Durham Partnership Event, **GAMP AAP** and South Durham Enterprise Agency (SDEA) are working in partnership to provide a package of training and business development grants for new business within the GAMP area. This project lends assistance to individuals looking to start up small businesses in the area by providing a financial package to assist with their start-up costs. The project links closely with the support offered by the GAMP funded Employability Skills Fund and the suite of support available through staff and projects at SDEA. To complement the support service and financial package the project also provides a range of workshops to assist with key business. To date 22 local residents have been assisted in establishing their business, with all 22 continuing to successfully trade.
37. The **Spennymoor AAP** led Destination Employment project has already engaged a total of 36 clients from the area and has started to deliver a comprehensive programme of ICT support, training, mentoring and work placements. Clients are able to access ICT support and have been receiving help with Universal Job Match, Job Match and CV development. A qualified mentor is working closely with clients to provide Information, Advice and Guidance and employability skills training. They have also been asked to carry out benefit calculations for clients. An Information Day was held in August last year at St. Pauls Centre with local residents invited to attend. At the event attendees were able to find out about the scheme, access CV Workshops, ICT Support, training information and support with welfare reform issues. Local residents that did come along to the event provided really positive feedback. At the event people signed up for work experience and training, with one client asking for specialist support around domestic violence. The event also offered an ideal opportunity to network with other providers and the project made some excellent links.
38. As part of the project, County Durham Furniture Help Scheme (CDFHS) is currently supporting clients with a programme of practical work experience and in house training. Clients are gaining valuable experience in a variety of roles including front office/customer service, IT, graphic design, van crew/delivery and warehouse work. The project has also provided a work experience placement for a young person from Whitworth Park School. The individual in question came on a long term placement as she was at risk of exclusion from school. She worked up until the summer and gained valuable work experience.

39. The project is currently developing a referral pathway and is already receiving referrals from Job Centre Plus and the National Careers Service. It has also developed links with a number of local organisations including Profound, ILM Associates, Nordic Focus Training Group, Cornforth Partnership, Northern Pinetree Trust and Moving.
40. The **3Towns AAP's** Citizens Advice Project in Willington in its first six months of operation has given support to 43 clients with 59 per cent of enquiries welfare benefit related, the remaining enquiries relate to housing, legal, employment, consumer, relationship or debt related. The project achieved over £44,000 in financial gains for its clients, 47% of which are either disabled or have long term health problems.
41. This project supports the continuation of a free confidential advice service in Crook (three mornings a week). In the first six months of 2014 2265 clients accessed the service in person and a further 926 received advice and information by telephone of which: 913 people received advice on benefits resulting in an additional £218,586 being claimed by those entitled; 177 families were helped with housing matters and 55 families with child tax credit forms; 7 cases of domestic violent were referred to specialist partners, 74 legal cases were passed to solicitors and 136 debt cases were referred to CAB; 150 people were helped with utility bill issues. And a further 148 people were helped with consumer matters and 265 clients were referred for food parcels/emergency utility payments. The figures indicate the demand and scope of the project.

Altogether better for children and young people

42. The **Children and Families Partnership** has an overarching responsibility for delivering better outcomes for children, young people and their families and in order to make this happen they actively engage with children and young people to gather their views. Children and young people attend each of the Children and Families Partnership meetings to highlight and discuss issues which are important to them. This influences services and helps to shape how the partnership does things in the future to meet the needs of children and young people.
43. Young people have raised issues to the Partnership about access to mental health services. This feedback has been shared appropriately for consideration as part of the Child and Adolescence Mental Health (CAMHS) strategy. Information provided by young people in relation to alcohol has also been shared for consideration in the refresh of the Alcohol Harm Reduction strategy.
44. Following discussions with young carers, the Partnership agreed to sign up to the County Durham Young Carers Charter. This is an opportunity for the partnership to show a commitment to improving facilities, services and support available to young carers. Work is currently taking place with Family Action's 'The Bridge Young Carers project' to progress the sign up and to meet the commitments in the charter. Feedback from children and young people is used to inform the refresh of the Children, Young People and Families Plan. The refreshed document for 2015-18 will be agreed in March 2015, and presented to Cabinet at a future meeting.
45. From 1 October 2015, the responsibility for commissioning public health services for 0-5 year olds, delivered by health visitors and the family nurse partnership, will transfer from NHS England to local authorities. This transition marks the final part

of the overall public health transfer to local authorities from the NHS, following implementation of the Health and Social Care Act 2012, and aims to encourage integrated working.

Altogether healthier

46. The **Health and Wellbeing Board** has signed up to the NHS Statement of Support for Tobacco Control, supporting the bolder vision of 'Making Smoking History'. The Statement has been developed to support local government in their tobacco control work, it provides a public commitment to work towards further reducing smoking prevalence; to demonstrate a commitment to take action; and to publicise the NHS's dedication to protect local communities from the harm caused by smoking.
47. The Board has also formally ratified the 'No Health without Mental Health' Local Implementation Plan, which was developed by the Mental Health Partnership Board as the overarching strategy to improve mental health and wellbeing across all ages within County Durham. It is the local implementation plan of the national 'No Health without Mental Health' strategy and is supported by a number of strategies and work relating to mental health, including the national Mental Health Crisis Care Concordat, which is a commitment from organisations to prevent mental health crises. The key aim of the concordat is to develop joined up service responses to people who are suffering from mental health crisis. The next step is to develop, agree and publish a joint action plan before 31 March 2015 to bring about the local improvements needed. There is agreement to develop this across County Durham and Darlington in conjunction with both Health and Wellbeing Boards, as a number of partners operate across the populations of both County Durham and Darlington.
48. A Healthy Weight Strategic Framework has been developed as a local response to 'Healthy Lives, Healthy People: A Call to Action on Obesity in England'. In County Durham over 75% of children are a healthy weight when they start school, but less than 25% of adults are a healthy weight. The strategy aims to achieve a sustained upward trend in healthy weight for children, young people and adults in County Durham by 2020. The Healthy Weight Alliance, which is a multi-agency partnership working to promote healthy weight in County Durham, will lead on this work.
49. The Health and Wellbeing Board's Engagement Event took place last October and was attended by over 240 people from various groups including voluntary organisations, patient reference groups, service users and carers. The focus of the event was informing people about what has been achieved, or about work which is already taking place or is planned to take place. The event consisted of a mix of local and national speakers and had a number of themed workshops relating to health, social care and the wider wellbeing approach and gave people the opportunity to provide their views on how services should be developed. Feedback from the event has been used to influence future services through the Joint Health and Wellbeing Strategy, Children, Young People and Families Plan, as well as in the development of plans such as the School Nursing review, and the Alcohol Harm Reduction Strategy.
50. Whilst health and wellbeing is not a recognised priority for all AAPs they do support a wide range of health based initiatives across the county. **Stanley AAP and Derwent Valley AAP** are both supporting Age UK County Durham to provide IT training courses for people aged 50+ living in their areas which will enable older

people to get online. Both AAPs have purchased IT equipment including laptops and iPad as well as broadband installed in some venues.

51. Each year of the project Age UK County Durham will host training courses in different venues across the two areas. Age UK County Durham will also deliver a minimum of eight outreach sessions over the two years using the laptops, iPads and Tablets, tailored to need, in suitable venues in the AAP area, thus helping to increase sustainability of these community venues. These sessions will also include mobile phone training. Older people who have become confident will also be able to attend the Internet cafe at the Stanley Resource Centre and take advantage of the free Wi-Fi.
52. Participants will be provided with a support pack which will include information including guidance on how to stay safe online and a crib sheet that they can complete with the help of the tutor providing a guide specifically tailored to their needs/equipment. Age UK County Durham will also provide older people with a stylus as it has been identified that due to arthritic fingers most find it difficult to manage a touch screen.
53. The project is an IT course and a series of discussions with older people about the opportunities that modern technology presents, whether or not they wish to try some of it (or maybe just improve existing skills) and also address any worries they may have about getting online. The practical, hands-on aspect of the project will offer a range of activities that will be led by what the older people want and this may include: setting up an email address (and attaching photos), saving money by buying train or theatre tickets online, shopping online or using other web-based services e.g. benefits applications, car tax etc.
54. This project will provide a mixture of learning formats and also offer friendly, informal learning at a pace to suit the people who come along as learning IT can be daunting. For those older people who become good at IT, the project will encourage them to volunteer to support the project and advise their peers.

Altogether safer

55. The **Safe Durham Partnership** supported County Durham Safer Homes initiative, led by the Fire and Rescue Service, has been successful in attracting £500,000 of 'Transformation Challenge Award' funding for 2014/15. Neighbourhood Watch volunteers will be trained to recognise a range of vulnerabilities which will be recorded on a single basic assessment of need carried out in the home.
56. Once a vulnerable individual is referred by a volunteer, carer or professional, they will be assessed for specialist security and safety equipment designed to prevent burglary and fire in the home. This will be provided in one of three ways: Low cost equipment permanently fixed to the home; Specialist mobile equipment fitted until the vulnerability ceases providing for sustainability and permanently fitted specialist equipment to properties owned by Housing Associations for allocation to those most at risk.
57. As previously reported, the Ministry of Justice 'Transforming Rehabilitation' programme has resulted in the split of probation services. A new public sector National Probation Service is dealing with all those who pose the highest risk of serious harm to the public. Twenty one regional private sector Community

Rehabilitation Companies will manage all other offenders. The 'Preferred Bidder' status for the Community Rehabilitation Company for the Durham Tees Valley area has been won by ARCC (Achieving Real Change in Communities and a consortium made of agencies from the public, private and third sectors) Community Interest Company. The preferred bidder status means that ARCC are now the only supplier with whom MoJ is in talks to arrange the Community Rehabilitation Company contract within Durham Tees Valley. Once the preferred bidder stage has concluded, the final offer will be presented and the contract awarded.

58. Work has been undertaken by the Safe Durham Partnership and Local Safeguarding Adults Board to develop a multi-agency approach to hoarding and hoarding behaviours within local communities. This follows a Coroner's report highlighting several issues relating to a hoarding related fire death and the Coroner writing to Registered Social Landlords and Durham County Council requesting action to eliminate or reduce the risk of death created by such circumstances. As a result, throughout 2014 the partnership has worked with local housing providers and other agencies to create a multi-agency Hoarding toolkit; identify key points of contact; and establish clear roles and responsibilities. A one day conference was delivered in August 2014 to raise awareness of hoarding and hoarding behaviours whilst sharing local case studies and practical solutions. This issue is now being taken forward by the Hoarding and Housing Group, following a governance review of the Safe Durham Partnership.
59. In September, approximately 150 delegates attended a counter terrorism seminar to raise awareness of 'Prevent'; the Government's strategy for stopping people becoming involved in or supporting terrorism. The seminar featured leading terrorism commentator and lecturer Dr David Sloggett as a key speaker. Dr Sloggett is an international authority on the subject and provided a fascinating insight into terrorist events. The purpose of the seminar was to continue the work to raise awareness and understanding about the threat everyone faces from those who promote terrorism and how organisations can recognise and support people at risk of being drawn into terrorism.
60. Outside the work of the Safe Durham Partnership itself, the **County Durham and Darlington Fire and Rescue Authority** (CDDFRA) has provided an update on their estate renewal and improvement programme which began in 2010. Its aim is to modernise the estate ensuring it is fit for purpose and provides a basis for delivering efficient and effective services and partnership opportunities for the community in future years.
61. The key areas of this programme are: the relocation of the Headquarters from Framwellgate Moor to a new building in Belmont in 2013, followed by the Command and Control Centre moving into this building in October 2014. The building provides first class facilities and equipment to reflect the requirements of a modern day fire service whilst also being utilised in a partnership arena to host meetings and test operational preparedness. Workshops and stores have been relocated in from the Framwellgate moor site to a Technical Services Centre at Bowburn and the Service training centre will also relocate to a purpose built facility at Bowburn in early 2015.
62. The Fire Service and Durham Constabulary were successful in a bid for funding from the Police Innovation Fund and as a result they will deliver their incident command training from the new centre. Also, as part of the Fire Service's

partnership commitment with Durham Constabulary, the fire station at Newton Aycliffe has been converted to a shared station with the Police, enabling them to reinstate their presence in Newton Aycliffe town centre and demonstrate excellent partnership working between the two organisations.

63. A Community Fire Station at Crook was opened in May 2014 replacing the old and inadequate premises that did not provide any training facilities for the firefighters of crook. In addition, Durham Fire Station, currently situated at Framwellgate Moor will relocate to new premises at Sniperly in early 2015, again providing a more efficient environmentally sustainable building which can also be utilised by the communities. These new stations will greatly enhance the Services ability to recruit and retain on-call firefighters that provide such a vital response to their local areas.
64. The Service was recently successful in gaining funding from government to build a 'Quad Service' station at Barnard Castle. The station will enable the relocation of Police and Ambulance teams from existing sites in Barnard Castle into a new shared facility on the existing fire station site. Teesdale and Weardale Search and Mountain Rescue Team (TWSMRT) will also relocate from their current base at Barnard Castle Police Station into the shared site, believed to be the first 'Quad-Service' station in the country. Sharing accommodation is part of a broader strategic commitment between the blue-light services to collaborate wherever possible which will promote interoperability which will ensure that the emergency services are able to respond effectively to major incidents within the County and also nationally. It also allows financial efficiencies to be realised without reducing frontline services.
65. **Great Aycliffe and Middridge AAP's** Crime and Fire Prevention project has enabled the Neighbourhood Policing team covering Newton Aycliffe and Middridge and the Fire Service to purchase items of crime and fire prevention equipment in order to enhance their existing service of providing free home fire safety checks and advice to residents within the GAMP area.
66. The funding also supports the Neighbourhood Policing Team to attend community forums such as coffee mornings, drop in sessions at local community centres, gatherings of elderly residents and to hold talks on bogus officials. The team will revisit people who have been victims of crime, and - for example, in cases where sheds/garages/outhouses have been broken into, officers will issue equipment providing reassurance to the victim, making them feel more protected and also reducing the likelihood of them becoming a repeat victim.
67. Each year Newton Aycliffe Fire Station personnel carry out 1400 Home Fire Safety Checks (HFSC) in the Aycliffe and Middridge area in support of the service vision of "Safest People, Safest Places." In approximately 15% of all HFSCs carried out in the Aycliffe and Middridge area by the Fire Service the misuse of electrical equipment is observed and is more prevalent in the more elderly members of the community. The Fire Service will utilise the AAP funding to purchase additional equipment not currently available to the service. The Fire Service also responds to requests from the Police where members of the community are at increased risk of arson due to neighbourhood disputes, domestic violence etc.

Altogether greener

68. The 25th anniversary of the Environment Awards was held on 13 November 2014 at the Radisson Hotel, Durham. A record-breaking 119 entries from across County Durham were submitted for this year's awards in 12 categories. The annual awards recognise great design, environmental achievement and community spirit. Judges selected 53 projects or individuals to be honoured for their hard work, dedication and commitment to improving their surroundings. Three projects were judged as 'outstanding' i.e.: a country house restoration, a refurbished community arts building and Britain in Bloom were the big winners in a prestigious environmental awards scheme.
69. Lartington Hall in Teesdale, Barnard Castle's The Witham, and the Durham in Bloom campaign were all judged "outstanding". In the built environment category, Lartington Hall, a listed country house, at Lartington, near Barnard Castle, was commended after being restored in keeping with its 17th Century origins. It now hosts celebrations as well as fundraising events and opens to the public for special visits or community gatherings. The Witham, a key part of Barnard Castle's heritage, was recognised in the built environment section. After its future was secured for use by the local community, the building was designed to provide cultural and commercial facilities for a wide range of users. Completing the trio of outstanding entries was Durham in Bloom, a community based partnership of 15 organisations, praised in the places and spaces category. Volunteers have dedicated nearly 3,500 hours to transforming Durham's public and private open spaces and recently won gold in the prestigious Britain in Bloom.
70. The **Environment Partnership Board** in September 2014 launched the 'Caring for Your Environment Award' in order to give recognition to individuals, community groups and projects which carry out environmental improvement works in their local area. This award will be awarded throughout the year and gives recognition to those within our local communities who conduct positive environmental improvements. To date recipients of the 'Caring for Your Environment' award include;
71. 'Durham in Bloom' (where over 1,000 volunteers, local businesses, schools, community groups, individuals, AAP's and Town and Parish Councils dedicated nearly 4000 hours into making Durham City's horticultural initiative nationally recognised in the Britain in Bloom competition) and; Derek Briggs from Chester-le-Street Central Residents' Association who secured a £500 grant from the Chester-le-Street and District AAP to provide a community clean up and install a commemorative bench to improve the appearance of the entrance to the Osborne Road car park in the town centre. The bench was designed with the help of students from Park View School. The design features the town crest, depicting St. Cuthbert's Cross as well as the spring gentian – the flower of County Durham. Both projects are excellent examples of delivering environmental improvements which the Environment Partnership Board has given recognition to.
72. Nominations for a 'Caring for Your Environment Award' can be emailed to the Environment Partnership - environmentpartnership@durham.gov.uk or by contacting a board member directly.

73. A new Chair of the Climate Change Group (Tara Duncan, Sustainability Manager, Durham University) has been appointed. This position will not only give representation from Durham University but also strengthen the Environment Partnership as there are opportunities to engage further with the University in terms of its Environmental programme and local activities. The remit of the Group is currently being addressed as the Climate Change Strategy in the main has been delivered. Future topics which the group will cover include flooding, education and domestic energy.
74. Locally based initiatives to support the work of the Environment Partnership can be found across the county. Board Members from the **Spennymoor AAP** organised a community litter pick where members of the Board, along with members of the community and young people from our Youth Council, carried out the litter pick on Saturday October 21 and was featured in the Northern Echo. The litter pick was organised as a result of feedback from Forum Members in relation to litter issues. Board Members are keen to see this continue and are actively seeking members to sign up and be part of future volunteer litter picks.

Area Action Partnerships Forums

75. The AAPs have recently held their autumn/winter forums where their priorities are voted on for the forthcoming year. The format of the forums varied across the county from some AAPs holding a number of smaller events within their areas to some linking with existing Christmas events.
76. **Mid Durham AAP** held their Forum at the end of November which took a workshop format using three of the AAP's task group themes – supporting older people, employment/job prospects and supporting the voluntary and community sector. The workshops highlighted the projects and programmes that the AAP and its partners had developed for each theme and looked at key issues and potential gaps. The event was used as a show case with targeted local groups and partners invited in to work more closely with the AAP and support the promotion and take up of the services promoted. Survey Monkey was also used to request feedback from Forum members and residents regarding the AAP priority themes for 2015/16.
77. In an attempt to maintain and increase the number of people within the **EDRC AAP** community engaged their Forum followed a different approach this year. Voting roadshows took place within primary and secondary schools that students who live or study in the EDRC AAP area attended, supported by the AAP team and Investing in Children. Over 500 pupils aged between eight and 16 viewed the project display boards, and voted on which projects they feel should receive funding via the It's Up 2 U Voices Project Participatory Budgeting Scheme, which was developed by the EDRC AAP Youth Forum.
78. The EDRC AAP Board agreed to allocate £40k for projects through this scheme which must be 'for young people, by young people'. The overall aim of the scheme is to support projects in the AAP area that have the potential to improve the lives of children and young people. The scheme aims to support community groups and organisations to deliver projects that will help address the activities for children and young people priority chosen by local people.
79. The **Derwent Valley AAP** chose this year to combine its Forum with its Christmas in Consett event and Christmas lights switch on, the aim being to engage a wider

range of residents whilst adding a festive element to the priority voting exercise. The festive Forum took place in Consett with free live music, dance, theatre and comedy related entertainment taking place throughout the day and a range of market stalls selling Christmas crafts and gifts. A free Santa's grotto was also provided which benefited 300 families who also got to meet Christmas Mickey and Minnie Mouse, Peppa Pig and Frosty Magic characters.

80. At the event, which was attended by between 350-400 residents, anyone aged 11 years or over could vote for their local priorities using coloured baubles which they were asked to hang off Christmas trees to create a festive display as a back drop for the event. Over 480 votes were cast on the day and these votes will be combined with the voting results from the second Christmas event taking place on 3 December down in Blackhill and Consett Park along with the results from the new on-line voting survey.
81. Similarly the **4 Together Partnership** held its Winter Warmer Forum event with excellent partner involvement and information stands. Early planning for next year will look at ways of combining our events with other existing community events for November/December 2015 to further increase participation.
82. The AAP has had successful project callouts for two out of its three priorities. After widespread publicity for both the employment and the older people's task groups the partnership has had Area Budget requests of £113,440 for the £70,000 available. The 4 Together AAP is oversubscribed with good project submissions and if priorities continue for another year this means the partnership has a strong starting point for project development in the new financial year.
83. The **3 Towns Partnership** has taken a different approach to the November forum and priority voting this year, choosing not to hold a traditional forum event instead joining in with an elected members funded project to deliver forum activities as part of the Crook Town Christmas event. The 3 Towns forum maximised the opportunity for a larger number of people from the area to take part in having their say on the priorities for the partnership for 2015/16.
84. A separate online survey was utilised on the 3 Towns Facebook page with 70 people participating. Young people aged 11 plus were asked to complete an electronic survey at Parkside Academy and Wolsingham school with 391 3 Towns' young people taking part. As a result 37 new young people indicated they were interested in becoming Youth Forum members and 15 Facebook participants would like to join the forum. 718 residents have taken part in total, the highest number to date.
85. This year **Teesdale Action Partnership (TAP)**, through a number of routes, have engaged with over 340 people in the decision making process for next year's priorities. People voted in a number of ways including, by post, electronically or by attending one of four events. The main Forum event was held in Barnard Castle and was supplemented by three mini forums in Cockfield, Middleton in Teesdale and Winston. These events were organised in response to concerns raised after last year's event regarding people being able to access a one off event on a Saturday in Barnard Castle. Young people were engaged in the priority vote via a session with Teesdale School. All of this information will be considered by the TAP Board before a final decision on the 2015/16 priorities are decided.

86. The Forum also gave organisations support by TAP funding in the past to get together to show what they were working on. Over 20 local community groups and support organisations attended the forum which was an opportunity for those involved to share ideas and get advice on support and funding.
87. **Weardale AAP's** forum event included twelve five minute presentations from participants who had worked with the AAP to support the Weardale community. The presentations varied from young people talking about what the apprenticeships meant to them, to Wheels to Meals project that reduced the factors that lead to social isolation. In the words of one resident: "I found the Forum inspirational this year. It was really refreshing to hear from real people and groups which had benefited from the approach – the sense of community was palpable and very uplifting. As someone who lives and works in Weardale (and the wider North Pennines), it was really good to see."
88. Other AAPs followed a more traditional approach to their forums. The **BASH AAP** held its November Forum event on 20 November 2014. As always it was a well-attended and well received event by the community. The forum event was an opportunity for the partnership to take a step back and consider some of its achievements over the last three years from the projects it has supported. Priorities for the BASH AAP have been fairly constant since the launch of the AAPs in 2009 with Employment, Children and Community Safety featuring every year. This has allowed the partnership to maintain and develop some major flag ship projects which have made a real impact against the priorities local people have identified.
89. The **Durham AAP** November Forum was hailed as a success by the Durham Times with one visitor remarking in her feedback: 'The thought and effort which had gone into making the event go with a swing came from various quarters, of course, including the table-top displays of the various applicants and their physical presence, some of them engaging very pro-actively and informatively, but what was immediately noticeable, from the moment of coming through the doors was the presence of AAP staff and other DCC input, all of you welcoming, helpful, and enthusiastic...as were others, such as various Durham AAP Board members, looking bright-eyed and involved!'
90. 500 attended on the day with almost 200 questionnaires filled in providing feedback on the latest proposals relating to the council's budget position; 460 people voted on the AAP priorities for 2015/16 with the results to be announced at January's Board meeting when the Board will set the priorities for the coming year. To add to the event money that was raised from selling refreshments was put towards their recent Macmillan Coffee morning to make a total of £775 raised by the team.
91. One the day 19 projects competed for a share of the £20K pot with ten being successful. The winners varied from local community groups wanting to put on singing lessons, providing employment skills to those with mental health issues, to purchasing disabled friendly equipment for bowlers. For those that were unsuccessful the AAP is now working with County Durham Community Foundation to find alternative funding.

Area Action Partnerships Update

92. In addition to individual projects the AAPs are collectively involved in a number of different pieces of work. This covers a wide variety of project work as well as the broader support focused on attracting funding highlighted earlier in the report. Some further examples of their work are detailed below.
93. The Chester-le Street & District War Memorial Association have had ambitions to install a new more fitting war memorial in a public place within **Chester-le-Street** since the inception of the AAPs. Over the course of the last two years they have been gradually fundraising towards their target needed to both purchase and install a new memorial in the Market Place within the town. Chester le Street and District AAP has been successful in working alongside them to achieve this helping them access section 106 funding as well as other funding (£68k in total) and also in helping with the practical issues of dealing with planning and in public consultation regarding the siting of the memorial. The association have often come through the AAP team for advice and guidance at each of the crucial stages of the memorial construction.
94. Having built this relationship it came as no surprise that the AAP was asked to help co-ordinate the first ever outdoor remembrance parade in the town around the newly built War Memorial. Given the short-notice the AAP had to start from a low base in terms of information and detail of how this is to undertaken. Taking a methodical approach and working with church and service representatives the AAP managed to help achieve a very successful outdoor service to appropriately mark remembrance particularly given the Centenary of World War I. This was the largest public remembrance service delivered in Chester-le-Street with approximately two thousand public in attendance alongside the many civic and service representatives. This is likely to be a collaboration for the future, as the War Memorial Commemoration Event which we are assisting with is currently in the planning stages, to be held in May 2015. A review of the parade is scheduled before the new year to help build upon this success.
95. The Salvation Army- Hunger, Heat and Hope project in the **3Towns AAP** area supports the food bank to provided gas and electricity top ups and food to those In Need. This enables people to cook hot meals with the food provided by the food bank. One of the biggest issues during cold weather is choosing between heating, eating and finding money to cook food. Food bank usage has increased over the last couple of years; October 2013 – September 2014 – The Foodbank provided food for 967 Adults and 424 Children. The majority of the people are coming from benefit delays rather than sanctioning. Some of the stories are about debt piling up until no money remains apart from paying debt repayments. A proportion of people using the foodbank have no life skills so cannot budget or cook from fresh, these are encouraged to take part in the Victory Programme set up to directly help those in this situation.
96. The **Weardale AAP** team, alongside local YMCA staff, have developed a “meals outreach service”, the idea developed from a luncheon club losing its current supplier, working alongside the group we identified prospective supply methods, identifying what would be the “best fit” for the group. The local YMCA with fully fitted kitchens and staff where approached to see if they could met the needs of the

luncheon club, this relationship has now forged a bond with the two voluntary groups who work to each other's mutual benefit.

Summary

97. The CDP has been involved in a range of diverse activity since the last update report to Cabinet in September 2014. The launch of the SCS refocuses the vision and priorities of the Partnership with a range of plans underpinning this also refreshed.
98. It has held a range of events engaging and consulting with local people and celebrating contributions made by a range of individuals and groups across the county as well as bring nearly 200 people together at the whole partnership event in November. Other ambitions achieved are the community buildings programme and the attraction of funding to support the delivery of the Durham Ask which continues to receive expressions of interest.

Recommendations and reasons

99. It is recommended that Members note the report.

Contact: Clare Marshall, Principal Partnerships and Local Councils Officer
Tel: 03000 263591

Appendix 1: Implications

Finance - Area and Neighbourhood budgets are utilised and delivered through the 14 AAPs and ensure the Council (and AAPs) receive improved information on the outputs achieved through use of locality budgets.

Staffing - None

Risk - None

Equality and Diversity / Public Sector Equality Duty - The actions set out in this report aim to ensure equality and diversity issues are embedded within the working practice of AAPs.

Accommodation - None

Crime and Disorder - Altogether safer is the responsibility of the Safe Durham Partnership.

Human Rights - None

Consultation - The County Durham Partnership framework is a key community engagement and consultation function of the Council and its partners. The recommendations in the report are based on extensive consultation with AAP partners and the establishment of a Sound Board to progress the recommendations and will continue this consultative approach.

Procurement - None

Disability Issues - None

Legal Implications – None

Appendix two

Partnership Events 2015

Date	Event Title	Lead Partner	Contact Information
14 January 2015	Voluntary Sector Stakeholder Forum	Office of the Durham Police and Crime Commissioner	enquiries@durham-pcc.gov.uk 03000 264631 quoting VCS Forum
6 February 2015	Alcohol Harm Reduction Strategy Consultation event	Public Health, Durham County Council	Dawnn Roe dawnn.roe@durham.gov.uk

Overview and Scrutiny Management Board

13 February 2015

Update in relation to Petitions

Report of the Head of Legal and Democratic Services

Purpose of the Report

1. To provide Members of the Overview and Scrutiny Management Board with the quarterly update in relation to the current situation regarding various petitions received by the Authority.

Background

2. Following the introduction of The Local Democracy, Economic Development and Construction Act 2009, the administration of the petitions process was passed to Democratic Services.
 - 2.1 Overview and Scrutiny Management Board have received update reports on petitions since September 2008.
 - 2.2 From the 15 December 2010, the Authority has provided a facility for members of the public to submit e-petitions on the Council's website.

Current Position

- 3 To-date 52 e-petitions have been submitted. Of these, 31 have been accepted and 19 rejected, 3 as they were duplicates of e-petitions already received, 14 as they did not qualify under the Council's Petition Scheme. 2 e-petitions did not go ahead at the request of the Petitioner, 1 of which did not "go live" on the Council's website. Of the 31 e-petitions accepted, 25 have now completed the petition process.
 - 3.1 Since the last update, 2 new paper petitions have been submitted and 9 petitions have completed the petition process. A list giving details and current status of all active petitions is attached as Appendix 2 to the report.

Recommendation

4. Members are requested to note the update report on the status of petitions and e-petitions received by the Authority.

Contact: Ros Layfield, Committee Services Manager
Tel: 03000 269 708 **E-mail:** ros.layfield@durham.gov.uk

Appendix 1: Implications

Finance : None

Staffing: None

Risk: None

Equality and Diversity/ Public Sector Equality Duty: None

Accommodation: None

Crime and Disorder: None

Human Rights: None

Consultation: Petitions which refer to a consultation exercise are reported to committee for information and forwarded to the relevant officer for consideration

Procurement: None

Disability Issues: None

Legal Implications: None

Petition Table – Active Petitions

Appendix 2

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
<p>Petition 211</p> <p>Community Petition to save the Walls of Barnard Castle</p> <p>E-petition - Petition received 14.05.13 No. of signatures – 63</p> <p>Paper petition received 07.04.14 No. of signatures –1895</p>	<p>S Timmiss, Head of Planning and Assets, Regeneration and Economic Development</p>	<p>Petitioner informed of a positive meeting between the parties involved, with all involved noting the importance of working together to attempt to resolve the issue.</p> <p>It was agreed for a structural survey of the cliff be undertaken and all parties to keep public and other interested parties up to date. Further discussions would take place after the survey and the Council would in the meantime reinforce fencing at the area</p> <p>Following a survey carried out discussions took place with residents and the Town Council.</p> <p>The parties - Durham County Council, Raby Estates and English Heritage are now in discussions in seeking a way forward as to ongoing repair and maintenance of the walls.</p>	<p>Regular update letters sent, with the last one dated 14.10.14</p> <p>Service requested to provide an update - January 2015</p>
<p>Petition 239</p> <p>Westerton Village Footpath – Poor Condition</p> <p>E-petition - Petition received 01.08.14 No. of signatures – 32</p>	<p>Oliver Sherratt, Direct Services, Neighbourhoods</p>	<p>Petition asking the Council to inspect and commission the necessary work to clear and tidy the footpath leading from the A688 to Westerton Village and the footpath leading from Westerton Road to Westerton Village.</p> <p>Petitioner informed that Clean and Green team undertook works to cut back trees and shrubs, remove detritus and expose the footpaths. Plus some minor maintenance work has also been completed. It was acknowledged that more extensive improvement of the footpaths is desirable. Therefore arrangements had been made for the footpaths to be inspected as part of the evaluation process for possible inclusion in the 2015/16 capital maintenance programme. If not possible they would remain on the evaluation database for possible inclusion in future maintenance programmes.</p>	<p>Petition CLOSED.</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
Petition 242 To continue to deliver early years services through the Children's Centres E-petition – Petition received 11.09.14 No. of signatures – 50	Carole Payne Head of Children's Services, Children and Adults Services	50 Signatures collected via e-petitions system, added to the ongoing consultation process in this regard.	Information passed to the Service as part of the consultation that closed on 24.10.14
Petition 243 Request for additional car parking at Laburnum Court, Ushaw Moor No. of signatures – 15 Petition received 15.10.14	T Smith, Special Projects Officer, Neighbourhoods	Petition requesting additional car parking at Laburnum Court, Ushaw Moor. Residents are concerned that as car parking is scarce there is nowhere for carers and ambulances to park. Lead petitioner advised that the conversion of open space amenity land to off street parking spaces, whilst possible in most instances, is extremely costly at an estimated £5000 per space. This estimate can rise dramatically if any public utility apparatus will be affected. Unfortunately there is no budget for this purpose and unable to take the request forward at this stage. Suggested that petitioner may want to contact local Area Action Partnership or local Councillors who may have access to a suitable funding stream.	Petition CLOSED.
Petition 244 The White House, Peterlee - Halt demolition and enter into full consultation regarding the future of the building No. of signatures – 86 Petition received 31.10.14	S Timmiss, Head of Planning and Assets	Petition requesting the Council to Halt demolition and enter into full consultation regarding the future of the building. Following a meeting with ward members a decision has been made to review this, acknowledging the concerns expressed by parts of the community. The review will include discussions with local groups who have expressed an interest in the building to understand if there is a viable option to retain the building. The Authority needs to ensure that the building has a sustainable future going forward and that the full costs of retaining this building are understood. If the group can demonstrate that they have the necessary funding in place and that the building has a long term future the council will reconsider the decision.	Acknowledgement letter sent 31.10.14 Update letter sent 08.12.14 Service requested to provide an update - January 2015

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
<p>Petition 245</p> <p>Petition Against the Closure of Annfield Plain Community Centre</p> <p>E-petition - Petition received 30.10.14 No. of signatures – 1</p>	<p>G Elliott, Head Of Partnership and Community Engagement, ACE</p>	<p>Petition requesting the Council to reverse the decision to close the building.</p> <p>E-petition ran from 20.10.14 until 19.12.14 for collection of signatures.</p>	<p>e-Petition closed with 1 signature and information passed to Service</p>
<p>Petition 246</p> <p>Support Woodleigh as a Community Hub</p> <p>E-petition - Petition received 31.10.14 No. of signatures – 4</p>	<p>S Timmiss, Head of Planning and Assets / G Darby, Asset Services Manager, Regeneration and Economic Development</p>	<p>Petition requesting the Council to support Woodleigh as a community hub.</p> <p>E-petition ran from 31.10.14 until 31.12.14 for collection of signatures.</p>	<p>e-Petition closed with 4 signatures and information passed to Service</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
<p>00366</p> <p>Petition 248</p> <p>Install a pedestrian crossing or refuge island on A690 at Langley Moor</p> <p>E-petition – Petition received 12.11.14 No. of signatures – 17</p>	<p>T Smith, Special Projects Officer, Neighbourhoods</p>	<p>Petition requesting the Council install a pedestrian crossing or pedestrian refuge island on A690 at Langley Moor E-petition ran from 12.11.14 until 31.12.14 for collection of signatures.</p> <p>Lead petitioner advised that the Council are unable to fund the request due to limited road safety budgets. Due to national casualty reduction targets implemented by Central Government, all Highway Authorities are required to direct their limited funding towards addressing locations with known and proven accident problems. It was noted that there had been two recorded personal injury pedestrian accidents on High Street (High Street from the junction with Black Road to the junction with Front Street) in the past four years.</p> <p>Requests for formalised crossings such as a zebra crossing or pelican crossing are assessed against a national criteria devised by the Department of Transport (DfT), and in this case, the national criteria could not be satisfied, as there is no overall “desire line” on what is a long section of road. Pedestrians choose to cross where it is convenient for them, rather than at a specific location.</p> <p>Other crossing facilities A formal crossing facility already exists at the western end of the High Street, albeit a short walk from the location in question. Other types of facility have been considered, including pedestrian refuge islands. Unfortunately, High Street is not wide enough to accommodate such measures without substantial and costly carriageway widening. This would almost certainly result in the loss of on street parking and access to the businesses that front the A690. Any proposed facility would also be subject to consultation as it is likely alteration to the adjacent bus stops would be necessary.</p>	<p>Petition CLOSED</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
<p>Petition 250</p> <p>Safe crossing place for residents in Witton Gilbert</p> <p>E-petition – Petition received 02.12.14 No. of signatures – e-petition runs until 1.4.15 and numbers will be available after that time</p>	<p>T Smith, Special Projects Officer, Neighbourhoods</p>	<p>Petition requesting a safe crossing place, such as a pelican crossing, on Sacriston Lane, Witton Gilbert. There is also a need for traffic calming on the road as speeding is an issue – runs until 1.4.15 for collection of signatures.</p>	<p>E-petition made live 9.12.14</p>
<p>Petition 251</p> <p>Stop the installation of these new street lights</p> <p>E-petition – Petition received 12.12.14 No. of signatures – 2</p>	<p>T Smith, Special Projects Officer, Neighbourhoods</p>	<p>Petition to stop the installation of these new street lights as they are not up to the standard of brightness as the sodium lights and the majority of residents where these white lights have been installed are afraid for their safety and security.</p> <p>E-petition ran from 12.12.14 until 23.1.14 for collection of signatures.</p>	<p>E-petition closed with 2 signatures and information passed to Service.</p>
<p>Petition 252</p> <p>To re-instate lighting on A692 Grove to Consett Road</p> <p>E-petition – Petition received 17.12.14 No. of signatures – 72</p>	<p>T Smith, Special Projects Officer, Neighbourhoods</p>	<p>Petition to re-instate lighting on A692 Grove to Consett Road issue.</p> <p>E-petition ran from 22.12.14 to 28.1.15 for collection of signatures.</p>	<p>E-petition passed to the Service</p>

Nature of Petition	Appropriate Service/Officer	Summary of Information	Status of Petition
Petition 253 Grit Louisa Estate E-petition – Petition received 19.01.15 No. of signatures – e-petition runs until 28.2.15 and numbers will be available after that time	T Smith, Special Projects Officer, Neighbourhoods	Petition to have gritting at Louisa Estate, Stanley – runs until 28.2.15 for collection of signatures.	E-petition made live 26.1.15

Overview and Scrutiny Management Board

13 February 2015

Notice of Key Decisions

Report of Corporate Management Team Colette Longbottom, Head of Legal and Democratic Services

Purpose of the Report

- 1 To consider the list of key decisions that is scheduled to be considered by the Executive.

Background

- 2 New rules in relation to Executive decisions were introduced by The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, which came into force on 10 September 2012.
- 3 The regulations took away the requirement for the Executive to produce a Forward Plan of key decisions, however introduced that the decision maker cannot make a key decision unless a document has been published at least 28 clear days before the decision is taken, unless either a general exception or special urgency requirements have been met. The document which has to be published must state:
 - a) that the key decision is to be made on behalf of the relevant local authority
 - b) the matter in respect of which the decision is to be made
 - c) where the decision maker is an individual, that individual's name and title if any and where the decision maker is a decision making body, its name and list of its members
 - d) the date on which or the period within which the decision is to be made
 - e) a list of the document submitted to the decision maker for consideration in relation to the matter of which the key decision is to be made
 - f) the address from which, subject to any prohibition or restriction on their disclosure copies of, or extracts from any document listed as available

- g) that other documents relevant to those matters may be submitted to the decision maker
 - h) the procedure for requesting details of those documents (if any) as they become available.
- 4 The requirements also apply to an exempt matter as previously it did not strictly have to be included in the Forward Plan. Now a publicity document must contain particulars of the matter, but may not contain any confidential exempt information or particulars of the adviser or political adviser or assistant.
- 5 Notices of key decisions that are being produced meet the legal requirements of publication, as well as continuing to provide information for a four month period. Members will therefore be able to consider key decisions as previously for the four month period.

Current Notice of Key Decisions

- 6 The notice of key decisions that is attached to the report at Appendix 2, is the latest to be published prior to the papers for the Board being dispatched to members. The notice complies with the requirements for Cabinet to be able to take key decisions at the meeting on 11 February 2015. It also contained information on those key decisions that are currently scheduled to be considered by the Executive up to 31 May 2015.
- 7 The information in the Notice of Key Decisions provides the Overview and Scrutiny Management Board with the opportunity of considering whether it wishes to seek to influence any of these key decisions, or to request further information. Members are asked to note that this version of the Notice has been amended and includes a column which has been added to advise of the relevant Scrutiny activity.
- 8 In responding to the request of the Board for further information to be provided on any items that are removed from the previous notice without being considered by Cabinet, this information will be provided at the meeting.
- 9 If the Board wished to examine any of the key decisions, consideration would need to be given as to how this could be accommodated in the Overview and Scrutiny Work programme.

Recommendation

- 10 You are recommended to give consideration to items listed in the notice.

**Contact: Ros Layfield, Committee Services Manager Tel: 03000 269708
Jenny Haworth, Head of Planning and Performance, ACE
Tel: 03000 268071**

Appendix 1: Implications

Finance : Will be reflected in each individual key decision report to Cabinet.

Staffing: Will be reflected in each individual key decision report to Cabinet.

Risk: Will be reflected in each individual key decision report to Cabinet.

Equality and Diversity/ Public Sector Equality Duty: Will be reflected in each individual key decision report to Cabinet.

Accommodation: Will be reflected in each individual key decision report to Cabinet.

Crime and Disorder Will be reflected in each individual key decision report to Cabinet.

Human Rights: Will be reflected in each individual key decision report to Cabinet.

Consultation: Will be reflected in each individual key decision report to Cabinet.

Procurement: Will be reflected in each individual key decision report to Cabinet.

Disability Issues: Will be reflected in each individual key decision report to Cabinet.

Legal Implications: Will be reflected in each individual key decision report to Cabinet.

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SECTION ONE - CORPORATE

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Involvement
Corp/R/14/02	11/02/15	2015/16 General Fund Revenue and Capital Budget MTFP 5 and Council Plan and Service Plans	Cabinet report - 16 July 2014, 17 December 2014 & 14 January 2015	Cllr Simon Henig and Cllr Alan Napier	The Council carried out a significant consultation process for MTFP (4). The responses to this process will be utilised for MTFP (5) although AAPs will be consulted on the 2015/16 budget and there will be targeted consultation on individual savings plans.	Don McLure, Corporate Director, Resources Tel: 03000 261945 and Lorraine O'Donnell, Assistant Chief Executive Tel: 03000 268060	The CIOSC has considered reports on the 2015/16 General Fund Revenue and Capital Budget MTFP 5 and Council Plan and Service Plans at its meeting on 23 January 2015. A response from Overview and Scrutiny Committee has been formulated for consideration alongside the reports to Cabinet and Full Council
CORP/A/03/15/1	18/03/15	Council Plan and service plans 2015-18	Cabinet report - 16 July 2014 & 17 December 2014	Cllr Simon Henig	The Council carried out significant consultation in 2013/14 on priorities and the Sustainable Community Strategy refresh. The responses to this process will be utilised to inform the council plan and service plans along with targeted consultation on individual project and savings proposals.	Lorraine O'Donnell, Assistant Chief Executive Tel: 03000 268060	All OSCs have considered reports from the ACE which updated members on the development of the Council Plan and corporate performance indicator set together with the draft objectives and outcomes framework. The OSCs have also considered the draft performance indicators for 2015/16 and the current targets and provided comments on both.

**SECTION TWO -
CHILDREN AND ADULTS SERVICES**

Ref. No.	Date of Decision (i.e. date of Cabinet	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Involvement
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SECTION THREE - REGENERATION AND ECONOMIC DEVELOPMENT

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Involvement
R&ED/10/14	11/02/15	Housing Stock - Transfer Update		Portfolio Holder for Housing and Rural Issues	Council staff via the formulation of transfer principles	Sarah Robson, Head of Economic Development 03000 267 332	The Economy and Enterprise Overview and Scrutiny committee has received several updates on the development of the Housing Stock Transfer with the next update scheduled for the meeting on the 20 February 2015.
R&ED/01/15	06/05/15	Housing Stock - Transfer Completion Update		Portfolio Holder for Housing and Rural Issues	Council staff via the formulation of transfer principles	Sarah Robson, Head of Economic Development 03000 267 332	The Economy and Enterprise Overview and Scrutiny committee has received several updates on the development of the Housing Stock Transfer with the next update scheduled for the meeting on the 20 February 2015.
R&ED/15/14	11/02/15	Atom Bank Scheme		Portfolio Holder for Economic Regeneration		Sarah Robson, Head of Economic Development 03000 267 332	As part of the quarterly performance reports the Economy and Enterprise Overview and Scrutiny Committee has been kept informed of the progress of the Atom Bank Scheme..

SECTION THREE - REGENERATION AND ECONOMIC DEVELOPMENT

R&ED/16/14	11/02/15	Bishop Auckland Regeneration Framework Review		Portfolio Holder for Economic Regeneration		Sarah Robson, Head of Economic Development 03000 267 332	The Economy and Enterprise Overview and Scrutiny Committee has received updates on the development of the various masterplans for County Durham. A further update outlining refresh of various masterplans and projects throughout the County is planned for the June 2015 meeting.
R&ED/02/15	18/03/15	County Durham Plan - Interim Inspector's Report		Portfolio Holder for Economic Regeneration		Stuart Timmiss, Head of Planning and Assets 03000 267334	As part of the refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee a further update on the progress of the Plan through the inspection process is scheduled for the September 2015 meeting.

SECTION FOUR - NEIGHBOURHOOD SERVICES

Ref. No.	Date of Decision (i.e. date of Cabinet meeting)	Description of Decision to be Made	Background Documents	Lead Cabinet Member	Main Consultees & Means of Consultation	Contact details for further information	Scrutiny Involvement
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**Overview and Scrutiny
Management Board**

13 February 2015



**Information update from the
Chairs of the Overview and
Scrutiny Committees**

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 To present to Members an information update of overview and scrutiny activity from 19 December 2014 to 23 January 2015.

Background

- 2 As previously agreed, a written report of Chairs' updates will be presented for information only to all Overview and Scrutiny Management Boards. Members of the Overview and Scrutiny Management Board are encouraged to get involved in any area of Overview and Scrutiny activity via thematic committees and/or talk to Scrutiny Committee Chairs and OS Officers on areas of project/overview activity.

Updates

- 3 Updates from Overview and Scrutiny Committees from 19 December 2014 to 23 January 2015.

Corporate Issues Overview and Scrutiny Committee (CIOSC)

<i>Update on Previous Reviews</i>	There are no systematic reviews to report on for this period.
<i>Scrutiny Review Activity</i>	
<i>Overview reports/ Presentations</i>	<p>CIOSC on 23 January 2015 received reports/presentations on:</p> <ul style="list-style-type: none"> • Medium Term Financial Plan <ul style="list-style-type: none"> ➢ Medium Term Financial Plan Reports ➢ Council Plan and Service Plans 2015/16-2017/18 and Council Tax Base for 2015/16. ➢ Medium Term Financial Plan 2015/16 to 2017/18 (MTFP5) and 2015/16 Budget • Quarter 2 2014/15 Performance Management Report • Customer Feedback: Complaints, Compliments and Suggestions Quarter 2 Report 2014/15

Safer and Stronger Communities Overview and Scrutiny Committee (SSC OSC)

Update on Previous Reviews	There are no systematic reviews to report on for this period.
Scrutiny Review Activity	<p>Organised Crime – Working Group meeting held on 29th January to receive information on the risk to the Council and development of Local Profile document.</p> <p>20 mph – Following the Cabinet report in December, Cllr Boyes chair of SSC OSC is to lead a scrutiny working group on development of proposed schemes within the Cabinet report.</p>
Overview reports/ Presentations	<p>SSC OSC on 6 January 2015 received reports/presentations on:</p> <ul style="list-style-type: none"> • Update Report on Domestic Abuse Service Developments in 2014 • Safe Durham Partnership - Refresh of the Safe Durham Partnership Plan 2015/18 • Multi-Agency Interventions Project – Update • Quarter 2 2014/15 Performance Management Report • Review of the Council Plan and Service Plans • Overview and Scrutiny Review of Organised Crime – Verbal update • Police and Crime Panel • Safe Durham Partnership Update

Economy and Enterprise Overview and Scrutiny Committee (E & E OSC)

Update on Previous Reviews	E&E OSC on 8 January received an update on recommendations from Members' Reference Group Report - 'Looking at the impact of changes in Government funding and policy on the economy of County Durham.
Scrutiny Review Activity	<p>Special Economy and Enterprise OSC on 28 January received:</p> <ul style="list-style-type: none"> • Scoping report for review of tourism marketing delivered by Visit County Durham. • Presentation by the Chief Executive of Visit County Durham providing information in relation to tourism generally within County Durham with detail of comparisons on a regional and national basis together with an overview of the role and responsibilities of VCD.
Overview reports/ Presentations	<p>E&E OSC on 8 January 2015 received reports/presentations on:</p> <ul style="list-style-type: none"> • Quarter 2, 2014/15 Revenue and Capital Outturn • Housing Strategy – Overview • Durham Key Options – Update • Quarter 2, 2014/15 Performance Management Report • Review of the Council Plan and Service Plans minutes of the County Durham Economic Partnership meeting held on 3 November 2014

**Environment and Sustainable Communities Overview and Scrutiny Committee
(Environment OSC)**

<p><i>Update on Previous Reviews</i></p>	<p>An update on the progress of the recommendations of the Flooding scrutiny review was considered at a special meeting of the Committee on 4 February 2015</p>
<p><i>Scrutiny Review Activity</i></p>	<p>Meeting of the Woodland Management Scrutiny review group on 5 January, 2015 received presentations on:</p> <ul style="list-style-type: none"> • The management of community woodland within County Durham by the Countryside Service of DCC. • Detail of community woodland within the County managed by local groups. • The work undertaken by Durham Wildlife Trust in managing woodland. • <p>Meeting of the Woodland Management Scrutiny review group on the 2 February received a presentation on:</p> <ul style="list-style-type: none"> • Management of the woodland estate by DCC, detail of the management structure, current restructuring programme and issues in relation to woodland management
<p><i>Overview reports/ Presentations</i></p>	<p>Environment OSC on 20 January 2015 received reports/presentations on:</p> <ul style="list-style-type: none"> • Environment Improvement Campaigns / Projects. Presentation by Oliver Sherratt and Ian Hault regarding fly tipping, dog fouling, open space improvement and school activities. • Quarter 2 2014/2015 Forecast Outturn Report. • Quarter 2 2014/2015 Performance Management Report. • Review of the Council Plan and Service Plans. • Verbal Update on EU Funding Programme 2014-2020. • Verbal Update on Woodlands Project. • Minutes of the County Durham Environment Partnership Board held on 23 September 2014. <p>Special Environment OSC on 4 February received presentations from the Risk Management Authorities for County Durham on:</p> <ul style="list-style-type: none"> • Flood mitigation work currently being undertaken within County Durham. • Future flood mitigation work to be undertaken and detail of funding. • Any issues identified in relation to flood mitigation schemes/ projects within the County.

Children and Young Peoples Overview and Scrutiny Committee (CYP OSC)

Update on Previous Reviews	An update on the progress of the recommendations of the Alcohol and substance misuse by young people review will be presented at CYP OSC on 24 February.
Scrutiny Review Activity	Work is continuing on the self-harm by young people review.
Overview reports/Presentations	<p>CYP OSC on 12 January 2015 received reports/presentations on:</p> <ul style="list-style-type: none"> • Wellbeing for Life. Report and presentation • Refresh of JSNA and Joint Health and Wellbeing Strategy. Report and presentation • Safeguarding Framework • Children, Young People and Families Plan. Report and presentation • Quarter 2 2014/15 Budget Outturn Forecast • Quarter 2 2014/15 Performance Management • Review of the Council Plan and Service Plans • Verbal Update on Review of Self Harm by Young People

Adults, Well-being and Health Overview and Scrutiny Committee (AWH OSC)

Update on Previous Reviews	There are no systematic reviews to report on for this period.
Scrutiny Review Activity	
Overview reports/Presentations	<p>AWH OSC on 16 January 2015 received report/presentations on:</p> <ul style="list-style-type: none"> • Durham Dales, Easington and Sedgefield CCG Review of A&E Ambulance Services – Terms of Reference for Clinical Senate Review • Bishop Auckland Hospital Midwife-led Maternity Unit - Report and update by Durham Dales, Easington and Sedgefield CCG • Breast Services Update • Joint Health and Wellbeing Strategy and Joint Strategic Needs Assessment refresh • Safeguarding Adults Board Annual Report • 2014/15 Quarter 2 Performance Management Report • Review of the Council Plan and Service Plans • Forecast of Revenue Outturn Quarter 2, 2014/15

Performance/Budget/Work Programme Reporting

- 4 Information on both performance and outturn reports continue to be received and commented upon.

Recommendation

- 5 Members are invited to receive the report and note the information contained therein.

Background Papers: Previous committee reports/presentations.

Contact: Jenny Haworth Tel: 03000 268071
Email: jenny.haworth@durham.gov.uk

Appendix 1: Implications

Finance – N/A

Staffing – N/A

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – N/A

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – N/A

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A