Local Government Act 1972

I Hereby Give You Notice that an **Ordinary Meeting** of the **Durham County Council** will be held in the **Council Chamber, County Hall, Durham** on **Wednesday 24 February 2016** at **10.00 am** to transact the following business:-

1. To confirm the minutes of the meeting held on 20 January 2016 (Pages 1 - 8)

2. To receive any declarations of interest from Members

3. Chairman's Announcements

4. Leader's Report

5. Questions from Area Action Partnerships

6. Questions from the Public

7. Petitions

8. Report from the Cabinet (Pages 9 - 22)

9. Budget 2016/17 - Report under Section 25 of Local Government Act 2003 - Report of Corporate Director, Resources (Pages 23 - 26)

10. Medium Term Financial Plan 2016/17 to 2018/19, Revenue and Capital Budget 2016/17 - Report of Cabinet (Pages 27 - 30)

11. Council Tax setting in order to meet the County Council's Budget Requirement for 2016/17 - Report of Cabinet (Pages 31 - 34)

12. North East Combined Authority: Devolution Deal Update and Poll Result - Report of Leader of the Council (Pages 35 - 36)

13. Appointment of Co-opted Members to the Audit Committee - Report of Corporate Director, Resources (Pages 37 - 40)

14. Motions on Notice

15. Questions from Members

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

Dated this 16th day of February 2016

Colette Longbottom
Head of Legal and Democratic Services

To: All Members of the County Council

DURHAM COUNTY COUNCIL

At a Ordinary Meeting of the County Council held in the Council Chamber, County Hall, Durham on **Wednesday 20 January 2016 at 10.00 am**

Present:

Councillor J Blakey (Chairman)

Councillors E Adam, J Allen, J Alvey, B Armstrong, J Armstrong, L Armstrong, B Avery, A Batey, A Bell, D Bell, E Bell (Vice-Chairman), J Bell, R Bell, H Bennett, G Bleasdale, A Bonner, P Brookes, J Brown, C Carr, J Carr, J Charlton, J Clare, J Clark, P Conway, J Cordon, K Corrigan, R Crute, K Davidson, M Davinson, M Dixon, S Forster, N Foster, D Freeman, B Graham, J Gray, O Gunn, C Hampson, J Hart, T Henderson, K Henig, S Henig, D Hicks, A Hopgood, K Hopper, L Hovvels, E Huntington, S Iveson, I Jewell, O Johnson, C Kay, B Kellett, A Laing, J Lethbridge, H Liddle, J Lindsay, A Liversidge, R Lumsdon, J Maitland, C Marshall, L Marshall, N Martin, J Maslin, P May, J Measor, O Milburn, B Moir, S Morrison, A Napier, T Nearney, M Nicholls, H Nicholson, R Ormerod, A Patterson, T Pemberton, M Plews, C Potts, G Richardson, J Rowlandson, A Savory, K Shaw, J Shuttleworth, H Smith, T Smith, W Stelling, B Stephens, D Stoker, P Stradling, A Surtees, L Taylor, P Taylor, O Temple, K Thompson, F Tinsley, E Tomlinson, J Turnbull, A Turner, A Watson, M Wilkes, M Williams, A Willis, C Wilson, S Wilson and S Zair

Apologies for absence were received from Councillors D Boyes, J Chaplow, P Crathorne, K Dearden, I Geldard, B Glass, D Hall, J Hillary, M Hodgson, G Holland, P Lawton, J Lee, P Oliver, L Pounder, J Robinson, S Robinson, A Shield, M Simmons, M Simpson, M Stanton, R Yorke and R Young

1 Minutes

The minutes of the meeting held on 9 December 2015 were confirmed by the Council as a correct record and signed by the Chairman.

2 Declarations of Interest

The Head of Legal and Democratic Services referred to the Motion of Councillor Temple to be debated at the meeting and advised that Members who sat on School Governing Bodies should declare an interest, but because the Motion was about consultation, there was no need for them to withdraw from the meeting for the Motion. However, any Member who had a significant family member who was a teaching assistant should declare this and withdraw from the meeting during the Motion.

The following Members declared an interest as School Governors:

Councillors J Armstrong, A Batey, D Bell, E Bell, J Bell, R Bell, J Blakey, G Bleasdale, A Bonner, P Brookes, J Brown, C Carr, J Carr, J Clark, P Conway, K Corrigan, R Crute, K Davidson, M Dixon, S Forster, N Foster, B Graham, O Gunn, C Hampson, J Hart, D Hicks, A Hopgood, K Hopper, E Huntington, S Iveson, I Jewell, O Johnson, H Liddle, J Lindsay, C Marshall, L Marshall N Martin, O Milburn, B Moir, S Morrison, T Nearney, A Patterson, T Pemberton, M Plews, C Potts, G Richardson, J Rowlandson, A Savory, H Smith, T Smith, W Stelling, P Stradling, L Taylor, F Tinsley, J Turnbull, A Turner, A Watson, M Wilkes and A Willis.

The following Members declared an interest as having a close family member who was a teaching assistant and would withdraw from the meeting during the debate and would not vote on the Motion:

Councillors C Kay, J Measor, K Shaw, A Surtees, K Thompson, E Tomlinson and A M Williams.

Councillors S Henig and L Marshall declared a non-pecuniary interest in Agenda Item No. 9 as Members of Pelton Fell Community Partnership.

3 Chairman's Announcements

The Chairman placed on record her personal congratulations to the Leader of the Council, Councillor Simon Henig, on being awarded the CBE in the Queens New Year's Honours for political and public service.

Other notable recipients in County Durham included:

- Kenneth Ball, Station Manager at Consett Fire Station who was awarded a British Empire Medal for services to Fire and Rescue and the community in County Durham; and

- Councillor William (Billy) Hill, a Horden Parish Councillor who was awarded a British Empire Medal and had contributed a decade of services to the community and charity in Horden. Councillor Hill was a recipient of a Chairman's Medal in 2008 and was also recognised in the Queens Diamond Jubilee celebration in 2012. East Durham Area Action Partnership had also previously recognised Billy for his outstanding voluntary efforts.

The Chairman informed the Council that George Garlick, Chief Executive would retire at the end of the month and this would be George's last Council meeting. George was appointed Chief Executive in 2008 as the first Chief Executive for the new County Durham Unitary Council and led the reorganisation of local government in County Durham.

Councillors Henig, Stelling, Hopgood, R Bell, Shuttleworth and J Armstrong all thanked George for his service to the Council, particularly during local government reorganisation which had seen 8 council's combine as 1, and then on the achievement of the Council of the Year Award in 2014.

George Garlick replied that it had been a pleasure and honour to serve in County Durham, which he considered to be a superb Council with skill, sensitivity and a social conscience.

Resolved

(i) That the Council place on record its congratulations to the recipients of a New Year's Honour.
(ii) That the Council place on record its thanks to George Garlick, Chief Executive.

4 Leader's Report

The Leader of the Council thanked those who had sent him good wishes on the receipt of his New Year's Honours Award, which he considered to be recognition of hard work by officers, Members and partner organisations during the period of local government reorganisation and unprecedented spending reductions since 2010.

5 Questions from Area Action Partnerships

Questions had been received from the Spennymoor Area Action Partnership and the Derwent Valley Area Action Partnership relating to the following:

- Plans to ensure that areas surrounding Bishop Auckland would benefit from the investment and potential increase in visitor numbers to Bishop Auckland.
- What the Council considered the Derwent Valley Partnership's key role should be in relation to supporting older people in the local area.
- The Council's plans to support the development of higher level Science, Technology and Maths (STEM) skills and qualifications for young people in the field of creative industries, financial, professional and business services, digital industries and life sciences.

Michael Wilkes, Spennymoor AAP Coordinator was in attendance to ask their question and Rosemary Morris, Vice-Chair of the Derwent Valley AAP was in attendance to ask their questions.

Councillor N Foster, Portfolio Holder for Economic Regeneration thanked the Spennymoor AAP for their question and provided a response. Councillors L Hovvels, Portfolio Holder for Adult and Health Services and N Foster, Portfolio Holder for Economic Regeneration thanked the Derwent Valley AAP for their questions and provided responses.

The Head of Legal and Democratic Services informed the Council that the questions, together with the responses, would be placed on the Council's website and a copy of the responses would also be sent to the Area Action Partnerships.

6 Questions from the Public

Two questions had been received from Members of the Public regarding the Teaching Assistants contracts. In the absence of the questioners, the Head of Legal and Democratic Services informed the Council that a copy of the questions, together with the responses would be placed on the Council's website and a copy of the responses would also be sent direct to the questioners.

7 Petitions

There were no petitions for consideration.

8 Report from the Cabinet

The Leader of the Council provided the Council with an update of business discussed by the Cabinet at its meeting held on 16 December 2015 (for copy see file of Minutes).

9 Community Governance Review - Pelton Fell

The Council considered a report of the Head of Legal and Democratic Services regarding the outcome of the consultation undertaken as part of the Community Governance Review of Pelton Fell (for copy see file of Minutes).

Moved by Councillor Napier, **Seconded** by Councillor C Marshall and

Resolved:
That a further period of consultation be undertaken as part of the Review process, and the revised timetable for the Review be approved.

10 Motions on Notice

In accordance with a Notice of Motion it was **Moved** by Councillor O Temple, **Seconded** by Councillor A Hopgood.

This Council calls upon its cabinet and officers to withdraw the current proposals under the Review of classroom based staff, and instead engage with school governing bodies and subsequently trades unions to address the issues it seeks to resolve.

In **Moving** an amendment to the Motion, Councillor J Brown informed the Council that no decision had been reached on classroom based staff and that any decision would need to be taken by full Council. This would take place after all feedback had been considered and proposals had been assessed and considered. In **Seconding** the amendment, Councillor O Johnson informed Council that head teachers were aware of the proposals currently out to consultation and that school governors would be briefed on the current position.

This council calls upon its cabinet to request officers to brief governing bodies on the latest position with regard to the current proposals under the Review of Classroom Based Staff. Ultimately any decision on this issue will be made by Full Council.

Councillor Martin suggested that the amendment was not valid because it negated the Motion by removing the word 'withdraw'. The Head of Legal and Democratic

Services advised that the amendment did not negate the Motion and was therefore valid.

On a vote being taken the Amendment was **carried**.

Upon a further vote being taken the substantive motion was **carried**.

Resolved:
That this council calls upon its cabinet to request officers to brief governing bodies on the latest position with regard to the current proposals under the Review of Classroom Based Staff. Ultimately any decision on this issue will be made by Full Council.

In accordance with a Notice of Motion it was **Moved** by Councillor M Wilkes, **Seconded** by Councillor N Martin.

Council recognises the importance County Durham residents place upon the heritage of our County and in particular of the immense sense of pride and honour the community has in the Durham Light Infantry.

Council further accepts the need for our World Heritage City to provide excellent public art facilities for both the public of County Durham and for the benefit of tourism.

Council notes the significant public concern about the announcement of the closure of the existing DLI Museum and Art Gallery site. Council further accepts that many residents believe there should be consultation on the proposals with the general public, families of veterans, as well as more substantial consultation with all members of this Council.

Council therefore strongly urges Cabinet to delay the closure plans to allow for a public consultation, and to allow for the consideration of all possible alternatives which may be put forward, including those which the Council may not have previously been aware of.

In **Moving** an amendment to the Motion, Councillor N Foster informed the Council that key challenges for the DLI Museum were the condition and location of the building and poor visitor numbers of approximately 39,000 per annum. The location of exhibits to Palace Green, which had a footfall of 600,000 visitors, would provide greater opportunity for visitors to view the collection. In **Seconding** the amendment, Councillor J Armstrong informed Council that a request for call-in of the decision had been made, but this had not met the criteria within the Constitution. However, a special Overview and Scrutiny Management Board meeting had been held in December 2015 at which James Ramsbotham, Chairman of the DLI Trustees, had presented the proposals for the collection.

Council recognises the importance County Durham residents place upon the heritage of our County and in particular of the immense sense of pride and honour the community has in the Durham Light Infantry.

Council further accepts the need for our World Heritage City to provide excellent public art facilities for both the public of County Durham and for the benefit of tourism.

Council notes the significant public concern about the announcement of the closure of the existing DLI Museum.

Council therefore strongly urges Cabinet to work in consultation with the DLI Trustees, whose role is to do what is best for the collection, and in partnership with Durham University, to seek to find a new way of telling the DLI story - a way that will take it to the heart of the World Heritage Site, with its footfall of more than 600,000 a year, and give it the far greater audience it rightly deserves. Council further asks Cabinet to ensure that the identified storage facility provided has modern storage, conservation and research areas, with enough capacity to meet future requirements and to continue to work with schools and families on an outreach basis to help future generations commemorate and understand the important stories of the DLI regiment.
Council urges Cabinet to continue to work with The DLI Trustees and Durham University, alongside other interested parties including the Friends, and the Army Museums Ogilby Trust the recognised authority in this area, while continuing to promote the exciting opportunities coming up later in the year.

On a vote being taken the Amendment was **carried**.

Upon a further vote being taken the substantive motion was **carried**.

Resolved:
Council recognises the importance County Durham residents place upon the heritage of our County and in particular of the immense sense of pride and honour the community has in the Durham Light Infantry.

Council further accepts the need for our World Heritage City to provide excellent public art facilities for both the public of County Durham and for the benefit of tourism.

Council notes the significant public concern about the announcement of the closure of the existing DLI Museum.

Council therefore strongly urges Cabinet to work in consultation with the DLI Trustees, whose role is to do what is best for the collection, and in partnership with Durham University, to seek to find a new way of telling the DLI story - a way that will take it to the heart of the World Heritage Site, with its footfall of more than 600,000 a year, and give it the far greater audience it rightly deserves. Council further asks Cabinet to ensure that the identified storage facility provided has modern storage, conservation and research areas, with enough capacity to meet future requirements and to continue to work with schools and families on an outreach basis to help future generations commemorate and understand the important stories of the DLI regiment.

Council urges Cabinet to continue to work with The DLI Trustees and Durham University, alongside other interested parties including the Friends, and the Army Museums Ogilby Trust the recognised authority in this area, while continuing to promote the exciting opportunities coming up later in the year.

11 Questions from Members

There were no questions from Members.

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24 February 2016

Report from the Cabinet

Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 13 January and 10 February 2016 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 23 February 2016 in order for them to be displayed on the screens in the Council Chamber.

Contents

1. **Medium Term Financial Plan 2016/17 to 2019/20 (MTFP6) and 2016/17 Budget**
Key Decision: CORP/R/15/02
Leader and Deputy Leader of the Council – Councillors Simon Henig, and Alan Napier
Contact – Jeff Garfoot 03000 261945

We have considered a report of the Corporate Director, Resources and Assistant Chief Executive which provided an update on the Medium Term Financial Plan (MTFP(6)) 2016/17 to 2019/20 and the 2016/17 Budget following the Government's Local Government Finance Settlement announcement on 17 December 2015, whilst also providing initial feedback from the budget consultation process.

The Chancellor of the Exchequer's November 2015 Spending Review confirmed that funding cuts to local government would continue until 2019/20. The majority of unprotected government departments will face government grant reductions of 6% over this period whilst local government would see a cash reduction of circa 53% (real term reduction of 56%).

The Spending Review indicated that the grant reduction for local government in 2016/17 would be higher than forecast, with the total reduction in Revenue Support Grant (RSG) for the council between 2016/17 and 2019/20 forecast to be £85m. Overall it was forecast that savings of circa £135m would be required between 2016/17 and 2019/20 bringing the total savings required since the beginning of austerity in 2011/12 to almost £290m.

The Spending Review indicated that the council tax referendum limit for 2016/17 would be 2% with no indication of the offer of a Council Tax Freeze Grant. The Spending Review also announced however that local authorities providing adult social care services would be able to raise an additional 2% above the referendum limit on the understanding that the sum raised would be invested in adult social care through an adult social care precept.

The provisional local government financial settlement was received on 17 December 2015. The main points are as follows:

(i) In 2016/17 RSG will reduce by £23.1m to £77.1m. This is in line with previous Council forecasts.

(ii) After taking into account the transfer of specific grants into RSG the reduction in RSG between 2016/17 and 2019/20 will be circa £75m as compared to our original forecast of £85m.

(iii) Although the core RSG allocations have been announced the council is still awaiting a range of specific grant allocations particularly in relation to Public Health.

(iv) The government confirmed provisional allocations for an increased Better Care Fund (BCF). The initial allocation of £2.4m will be received in 2017/18 increasing to a forecast £23.1m in 2019/20. The increased BCF will be part funded by a reduction in the New Homes Bonus (NHB). The government has announced a three month consultation on changes to the NHB Scheme. At this stage therefore it is not clear what reduction the council will face in NHB to part finance the increase in BCF.

(v) It is apparent that the council will face a slightly higher forecast reduction in Core Spending Power than the national average. The government however has taken steps to attempt to ensure the financial settlement is “fairer” than was the case in the period 2011/12 to 2015/16.

Overall the settlement is slightly better than was reported to Cabinet in December 2015. Total clarity will not be available until all specific grant allocations are received, but it is clear that the council will face significant challenges in achieving savings over the next four years which are still expected to be in excess of £100m.

The draft Council Plan and Service Plans for 2016/17 to 2018/19 continue to be developed within the context of the financial settlement and budget planning, and will be presented to Cabinet in March once the budget has been set.

Decision

We have:

(i) Noted the 2016/17 Budget and Medium Term Plan update in relation to the Local Government Finance Settlement announced on 17 December 2015.

(ii) Noted the requirement for the council to submit an ‘Efficiency Plan’ should it wish to secure a four year settlement 2016/17 to 2019/20.

(iii) Agreed the intention for the Council to contact the DCLG by the 15 January 2016 deadline to advise that the 2% council tax social care precept flexibility will be taken up subject to a Full Council decision.

(iv) Noted the current 2016/17 savings requirement of £39.979m which is forecast to be offset by the utilisation of £7m of the Budget Support Reserve.

(v) Noted the forecast savings requirement over the 2016/17 to 2019/20 period of £123.7m.

(vi) Noted the fairer process adopted in the provisional finance settlement for both Revenue Support Grant and the additional Better Care Fund allocation.

(vii) Noted the initial feedback from the MTFP(6) budget consultation process

2. Day Care Review
Key Decision: CAS/03/15
Cabinet Portfoilio Holder – Councillor Lucy Hovvels
Contact – Jane Robinson 03000 267368

We have considered a report of the Corporate Director, Children and Adults Services which presented findings following a review of County Durham Care & Support (CDCS) in-house day service; reported the outcome of a consultation on a proposed re-design and made recommendations for further reshaping of the services.

In house day services in County Durham provide care and support to a wide range of adult service users, including older people, those with physical disabilities and people with a learning disability. The need to promote more person centred approaches within communities and maximise value for money, while meeting Medium Term Financial Plan (MTFP) requirements, prompted an initial review of CDCS day services in 2012-13. The review scrutinised services delivered in some of the larger day centre venues and focused on demand and occupancy, as well as the suitability of buildings.

In September 2012 the Cabinet approved the closure of five venues, with service users being accommodated in alternative CDCS day services, including community locations. Seventeen in house venues remain within the CDCS establishment. Remaining venues also began to offer services to a variety of service user groups, e.g. those with learning disabilities alongside older people, or people with physical disabilities. These changes allowed CDCS to contribute to MTFP savings requirements from 2013-14, as well as to avoid significant future liabilities in respect of repair and maintenance of day service building stock. It was acknowledged at the time of the Cabinet decision that further work would be carried out on in house day services to monitor the changing picture on demand, attendance, staffing requirements and building stock. The Cabinet report outlined that further reviews of the viability of in house day services would be undertaken.

Demand for day services continues to fall. Over the last three years (Nov 2012 – Nov 2015) the number of recorded day service sessions delivered overall (independent sector and CDCS) has fallen from 41,392 sessions to 27,677 sessions per four week period, approximately a 33% drop.

For CDCS day services, the drop in demand has been even more pronounced. Over the same three year period, the number of in-house day services sessions has dropped from 18,344 to 6,294 per four week period; a drop of approximately 66%.

To address the issue of decreasing service user demand; the need to be more community inclusive; and improve value for money, the report proposed that in house day services should be reshaped. Savings would allow the

Children and Adults Service (CAS) to meet the MTFP savings requirement of £1.59m in 2016 – 17.

The report proposed that twelve day services would be decommissioned in order to achieve the £1.59m MTFP savings target for 2016-17 and to contribute to the further MTFP savings from 2017-18. Decommissioning would be focused on venues where the majority of service users do not have specialist needs and can therefore comfortably access opportunities outside of CDCS. Where service users do have specialist needs, an alternative CDCS service able to meet these needs is available in the local area and this can be comfortably accessed by those remaining with the in house service. Some internal service user moves, within CDCS, would therefore be required for those with specialist needs.

Services to be decommissioned would be:

Bracken Hill Centre, Peterlee	Chester-le-Street Pathways
Bede Day Centre, Barnard Castle	Harmire Unit, Barnard Castle
Silver Street, Spennymoor	Ebony Woodwork Unit, Consett
Annfield Plain Pathways	Bishop Auckland Pathways
Proudfoot Centre, Bishop Auckland	Consett Pathways
Crook Pathways, Crook	Stanhope Pathways

Five venues would be used to deliver specialist day services, with a service being maintained across Durham localities to accommodate easy access for service users in terms of transport:

- Durham Pathways, Pity Me
- Spennymoor Pathways, Spennymoor Leisure Centre
- Newton Aycliffe Pathways, Aycliffe Leisure Centre
- Peterlee Pathways, Peterlee
- Stanley Pathways, Louisa Leisure Centre

CAS would retain the three day services co-located in Leisure Centres as these venues have received significant investment to enable them to meet complex service user needs. These sites are also at the centre of their local communities, offering significant social inclusion and opportunities to attendees.

The impact on service provision in rural areas of the County, e.g. Teesdale and Weardale, has been assessed and CAS have worked to ensure that a number of alternative services are available from the independent sector in these areas.

Reshaping of day services would mean a significant reduction in delivery venues within in house day services. A staffing restructure would take place ahead of the remodelling to five specialist services. Though a reduction in services of the scale may therefore mean compulsory redundancies would be required, following a full HR consultation exercise, numbers would be kept to the minimum possible.

Proposals to decommission some services and focus the remaining five venues on providing day services for those with complex, specialist care needs have been the subject of a consultation exercise. The consultation was carried out from 22nd July to 4th September 2015 and was targeted at service users and carers at affected day services; both those who might move to the independent sector or community provision and those who would remain in reshaped CDCS services. Key messages from the consultation were included in the report. An Equality Impact Assessment (EIA) was undertaken to identify and mitigate against any potential negative consequences resulting from the proposed changes to day services.

Decision

We have:

- Agreed to the implementation of the redesign of CDCS day services, meaning that CDCS would deliver specialist day services for those with the most complex needs only from the following venues:

1. Durham Pathways, Pity Me
2. Spennymoor Pathways, Spennymoor Leisure Centre
3. Newton Aycliffe Pathways, Aycliffe Leisure Centre
4. Peterlee Pathways, Peterlee
5. Stanley Pathways, Louisa Centre

The following day services would be closed:

1. Ebony Woodwork Unit, Consett
2. Chester-le-Street Pathways, Chester-le-Street
3. Crook Pathways, Crook
4. Proudfoot Centre, Bishop Auckland
5. Annfield Plain Pathways, Annfield Plain
6. Silver Street, Spennymoor
7. Consett Pathways, Consett
8. Harmire Unit, Barnard Castle
9. Bishop Auckland Pathways, Tindale Crescent
10. Bracken Hill Centre, Peterlee
11. Bede Day Centre, Barnard Castle
12. Stanhope Pathways, Stanhope

- Noted that further work will be carried out to monitor the changing picture on demand, attendance, staffing requirements and building stock. As the market changes, further reviews of the viability of in house day services will be undertaken and, as required, detailed proposals will be developed to ensure that CDCS day services are fit for purpose, represent value for money and are able to fulfil their strategic objectives.

3. Review of Youth Support
Cabinet Portfoilio Holder – Councillor Ossie Johnson
Contact – Carole Payne 03000 268657

We have considered a report of the Corporate Director, Children and Adults Services which set out the outcomes of a review of the current youth service delivery model and described a Strategy for Youth Support.

The review and the Strategy have informed a new delivery model for a Targeted Youth Support Service which aims to deliver improved outcomes for young people aged 13 – 19 years in County Durham. Based on the review and the resulting strategy, the report sought permission to consult on the following:-

Proposal 1: A Strategy for Youth Support in County Durham
Proposal 2: Deploy Council resources according to need to deliver a Targeted Youth Support Service
Proposal 3: Ceasing the existing youth work support grant and the allocation of funding to each Area Action Partnership (AAP) to address local priorities linked to youth services.

The report proposed that the Council adopts the Strategy for Youth Support in County Durham and develops and implements a Targeted Youth Support Service designed to achieve the ambitions set out within it, so that the Council's resources can be demonstrated to impact on those in the greatest need of support. The proposed new service model will reduce the cost base of the service, increase contact with vulnerable young people and improve outcomes for vulnerable young people and their families.

Historically the youth support service (and its budget) was a distinct service however, since the introduction of the One Point Service in 2011, the provision of support for young people has formed an integral part of the broader early help offer delivered in and through the One Point Service. The proposals outlined in the report focused on the development of a new service delivery model. This model has been developed to reflect the reducing resources available to the Council and the need to develop services which are provided for those young people who need them most.

If approved, following consultation, these proposals will deliver MTFP 16/17 and 17/18 savings of approximately £1million. The majority of these savings would be delivered by 2017/18 and would be made up from a combination of the following:-

- The cessation of Youth & Community Centres funded by the Council and wherever possible the transfer of these centres as part of the Durham Ask.
- A reconfiguration of resource distribution towards a targeted model of service delivery and;

- The cessation of the non-recurring Youth Work Support Grant with an element of this funding redistributed to the Area Action Partnerships.

Historically, the main focus of council-funded youth services has been the provision of universal youth sessions which any young person aged 13-19 can access through attendance at youth clubs and projects across the County. The Council currently provides on average 204 weekly sessions of universal youth provision through 64 youth centres and projects across the County. Much of the provision is delivered in partnership with a range of voluntary and community sector partners in and through community centres. The provision is overseen by voluntary management committees who are supported by One Point Youth Workers.
The review has considered a range of factors that impact on outcomes for young people in County Durham. These were set out in paragraphs 32 to 52 of the report. The proposals put forward for consultation a result of the review are intended to improve service delivery and improve outcomes for young people, whilst reducing the cost base of the service.

Three proposals were identified following the review:

Proposal 1: A Strategy & Delivery Model for Youth Support in County Durham

A Strategy for Youth Support in County Durham has been developed as part of this review and this was attached to the report at Appendix 4. The Strategy sets out the Council's aim to ensure all young people negotiate their teenage years successfully and achieve their full potential. The Strategy acknowledges the need to ensure its youth support service raises young people's aspirations builds their resilience and informs their decisions in order to reduce their involvement in problematic risky behaviours which may lead to adverse outcomes. The proposed Strategy acknowledges that it is no longer sustainable or desirable for the Council to continue to provide a service that does not effectively target its support to those young people who need it most. This is supported by the analysis of outcomes for young people in County Durham. The proposed Strategy provides a framework for a targeted youth support service and a delivery model that will support the improvement of outcomes for vulnerable young people and their families across County Durham. The key elements of the proposed model were detailed in the report.

Proposal 2: Deploy Council resources according to need to deliver a Targeted Youth Support Service

Historically the youth support service has been configured to deliver universal provision, predominantly through open access youth clubs. There has been no rational approach to the distribution of resources; rather allocation has developed in an ad hoc manner. This review has shown that only a small proportion of young people access these services, despite universal access being offered. At the same time, outcomes for vulnerable young people need to improve. It is proposed therefore, that Council resources should be redirected, according to need, so that a targeted youth support service can be provided. This will mean that universal, open access youth work will no longer be funded through the One Point Service budget.

The proposed model for Targeted Youth Support recognises that outcomes for young people can be affected firstly by a range of social issues within the family, home and community and secondly by issues which may affect their education and school life. In order to move to a rational basis for resource allocation, a methodology has been developed to measure need across the County, details of which were provided in the report.. This methodology has been used to assess an allocation of resources, so that resource is matched to need.

Proposal 3: Ceasing the existing youth work support grant and the allocation of funding to each Area Action Partnership (AAP) to address local priorities linked to youth services

The Youth Work Support Grant (outlined in paragraph 7 of the report) currently supplements the staffing allocation provided by the Council for the delivery of universal open access youth work sessions.

The total budget for the Youth Work Support Grant for financial year 2015/16 is £194,684. Current distribution levels range in grants from £430 up to £27,768. These amounts have not been based on a strategic assessment of need. No rationale is in place for the distribution of this grant other than historical arrangements that have evolved over time.

It is proposed that the 2015/16 grant budget of £194,684 will be reduced by a minimum of £56,000 in order to deliver the MTFP requirement. However, this amount is dependent upon the successful asset transfer of Youth and Community Centre buildings, as set out in paragraph 53 of the report. If all centres are not transferred the Youth Support Grant will be reduced further prior to distribution to AAPs.

Following the delivery of the MTFP saving, it is proposed to redirect the remaining Youth Support Grant to Area Action Partnerships (AAPs) to address local priorities.
There are 14 AAPs in County Durham. 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. AAP funding has enabled local support to be provided to a number of VCS organisations to deliver a variety of locally based programmes and initiatives for young people. The AAPs provide opportunities for community based organisations to apply for funding to deliver services and activities within each locality.

The proposed consultation exercise will run for 12 weeks, following which a full analysis will be undertaken. A further report will be provided to Cabinet in autumn 2016 incorporating all of the information gathered during consultation and presenting final recommendations. The consultation process will involve a range of stakeholders who have an interest in this review and a range of consultation methods will be used to maximise involvement and participation levels from all interested parties.

Decision

We have agreed:

(i) A public consultation commencing on the 2nd February 2016 for 12 weeks until 27th April 2016 which will present the proposals to all key stakeholders, paying particular attention to service users.

(ii) That the consultation will seek the views and opinions of all key stakeholders on the following three proposals:-

Proposal 1: A Strategy for Youth Support in County Durham
Proposal 2: Deploy Council resources according to need to deliver a Targeted Youth Support Service
Proposal 3: The cessation of the existing youth work support grant and the allocation of funding to each Area Action Partnership (AAP) to address local priorities linked to youth services.

(iii) The presentation of a report to Cabinet in autumn 2016, making recommendations following consultation and including a full Equality Impact Assessment.

4. School Admission Arrangements Academic Year 2017/2018
Key Decision: CAS/02/15
Cabinet Portfoilio Holder – Councillor Ossie Johnson
Contact – Jane Jack 03000 265879

We have considered a report of the Corporate Director, Children and Adults Services which outlined the proposed admission arrangements for Community and Voluntary Controlled Schools for the 2017/18 academic year.

The School Admissions Code states that all schools must have admission arrangements that clearly set out how children will be admitted which must include oversubscription criteria. Admission arrangements are determined by admission authorities. The Local Authority (LA) is the admission authority for Community and Voluntary Controlled Schools, while the Governing Body is the admission authority for Voluntary Aided and Foundation Schools and the relevant Trust for an Academy or Free School. All admission authorities must agree admission arrangements annually. Where changes are proposed to admission arrangements the admission authority must first consult on those arrangements. There are no changes proposed to the current admission arrangements for Community and Voluntary Controlled schools that required public consultation, other than it is proposed that some schools have a reduction in the admission number for the purposes of efficient and effective curriculum delivery. The proposed admission number for each Community and Voluntary Controlled School was detailed in Appendix 2 of the report and the admission numbers for Voluntary Aided, Foundation schools, Academies and free schools were included in the report for information.

All Governing Bodies/Trusts have considered and agreed to the co-ordinated admission schemes that will govern the administrative processes for the 2017/18 academic year (detailed in Appendix 3). These are unchanged from the previous year except that since a new School Admissions Code was published in December 2014 all admission authorities in Durham have followed advice issued by the Department for Education (DfE) in relation to the admission of summer born children outside of the normal year of entry. In September 2015, Schools Minister Nick Gibb MP announced the government's intention to give "summer-born" children (those children born between 1 April to 31 August for admissions purposes) the right to start in the Reception Class at a primary school at age 5 (the start of compulsory school age). Children usually start school in the September after they turn age 4 but parents of "summer-born" children can ask to delay entry to Reception for a year. It is up to the relevant admission authority to decide whether to agree the request. To date, there has been no public consultation on the admission of "summer-born" children. When this does start, the Council will respond to the consultation and if proposed changes to the School Admissions Code are agreed by Parliament, then the Council will reflect these in its own admissions policy.

It is a statutory requirement of all admission authorities that admission arrangements for 2017/2018 are determined by 28 February 2016 and these must be published on their website not later than 15 March 2016. The Local Authority must publish online, with hard copies available a composite prospectus for parents by 12 September 2016, which contains the admission arrangements for each of the state-funded schools in the Local Authority area to which parents can apply. The Local Authority will be in breach of its statutory duty if admission arrangements are not determined by 28 February 2016 and published on the Council's website by 15 March 2016.

Decision

We have agreed the following recommendations in respect of Community and Voluntary Controlled schools, when determining the admission arrangements for 2017/18:

a. That the admission numbers as recommended in Appendix 2 of the report be approved

b. That the admission arrangements, at Appendix 3 of the report be approved.

5. North East Combined Authority: Devolution Deal
Leader of the Council – Councillor Simon Henig
Contact – Colette Longbottom 03000 269732

We have considered a report of the Assistant Chief Executive which provided Cabinet with a progress report on the North East Combined Authority poll and outlined the decision making process for this Authority.

The North East Combined Authority (NECA) was established in April 2014 as a new body bringing together the seven Councils which serve County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. It has responsibility for strategic transport for all seven local authorities. Members of this Council have been appointed to various key roles within the combined authority.

Following the 2015 General Election, the Government launched its ‘Northern Powerhouse’ Programme and the Chancellor of the Exchequer announced the availability of devolved powers including potential funding devolution to combined authorities. For several months, the NECA Leadership Board were in intensive negotiations to achieve the best possible deal for the region and have signed a proposed agreement, subject to final agreement, subject to final agreement being conditional upon:

- The outcome of the Spending Review on 25 November 2015
- The legislative process
- Further public consultation
- Formal endorsement by the Leadership Board and Ministers early in 2016/17.

The devolution offer for NECA and its development going forward was acknowledged as a significant issue for County Durham because of boundary issues, some of which are unique to Durham compared to the other NECA constituent authorities. An issue which was controversial for all the constituent authorities was the Chancellor’s stated condition that any deal must involve an Elected Mayor for the Combined Authority with effect from May 2017.

At a Council meeting held on 9 December 2015, Council recommended that there should be a poll of the residents of County Durham subject to Council agreeing to the funding of a poll from the Council’s Revenue Contingency Budget. During week commencing 11 January, the Electoral Reform Society (ERS) began sending polling packs to residents. The deadline for responses was 8 February and the results are currently being analysed by ERS in readiness for a report on the results to Council at its meeting on 24 February 2016.

Extensive consultation has taken place at various stages. In terms of the legislative process, the Cities and Local Government Devolution Bill has progressed through the parliamentary processes and is due to receive the Royal Assent imminently. This legislation provides for the creation of Mayoral

Combined Authorities, and the move to such an authority by the NECA is an integral element of the proposed Agreement.

The legislation provides for the creation of a Mayoral Combined Authority if at least two Constituent Authorities as well as the Combined Authority affected, consent. Should any Constituent Authorities not consent to the creation of the Mayoral Combined Authority and provided the Combined Authority still wishes to proceed, the non-consenting Constituent Authorities will be removed from the Combined Authority through the Parliamentary process that provides for a new Mayor. Subject to the necessary consents being provided during February and March it is expected that the requisite legislation will commence Parliamentary processes in May/June 2016 and provide for mayoral elections in May 2017.

The NECA Leadership Board is planning to make its decision on the Devolution agreement by 24 March 2016 and an essential component of that decision making are the views of the constituent authorities.

The final decision on whether to agree to the deal is an executive decision and Cabinet should therefore decide this issue at its meeting of 16 March. The Leader of the Council expressed his intention to report on the results of the poll to Council on 24 February 2016 so that Council's view on the devolution deal can be taken having regard to the outcome of the poll. Cabinet can take these views into account when deciding whether to agree to the Devolution Deal at its meeting on the 16 March 2016.

Decision

We have agreed to the presentation of a report on NECA and an analysis of the poll to Council on 24 February 2016 so that Council can provide its views on the issue taking into account the outcome of the poll before Cabinet makes its final decision at its meeting on the 16 March 2016.

Councillor S Henig
Leader of the County Council

16 February 2016

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County Council

24 February 2016

Report under Section 25 of the Local Government Act 2003
Medium Term Financial Plan 2016/17 to 2019/20 and Revenue and Capital Budget 2016/17
Council Tax Setting in Order to Meet the County Council's Council Tax Requirement for 2016/17

Key Decision Number Corp/R/15/02

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 advise Council that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting have been delayed due to the late notification of the final Local Government Finance Settlement. The reports are expected to be made available by 18 February 2016.

Background

2 On 13 January 2016 Cabinet received an update report on MTFP (6) and the 2016/17 Budget. The report provided information on the provisional local government finance settlement. The report also identified however that the final local government settlement was not expected until the end of January or possibly early February 2016.

3 In addition, the report identified that, at that point, the Council was awaiting further confirmation on our revenue specific grant allocations including Public Health and the Better Care Fund. All of our specific capital grant allocations were also still awaited at that time.

4 The final Local Government Finance Settlement was published on 8 February and it was therefore not possible to prepare the required budget

report as planned for 10 February Cabinet therefore a Special Cabinet Meeting was arranged for 17 February.

5 On this basis the release of papers to County Council needed to be delayed until Cabinet have recommended a budget to County Council for approval.

6 The Section 25 Report and the Council Tax Setting Report are dependent on the MTFP 6 and 2016/17 Revenue and Capital Budget Report being ready, therefore all three reports for County Council will be circulated and published by 18 February 2016.

Recommendations and reasons

7 That County Council note that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting will be circulated by 18 February 2016.

Contact: Jeff Garfoot Head of Corporate Finance Tel: 03000 261 846

Appendix 1: Implications

Finance -
To be addressed as appropriate in the detailed report

Staffing –
To be addressed as appropriate in the detailed report

Risk –
To be addressed as appropriate in the detailed report

Equality and Diversity/ Public Sector Equality Duty -
To be addressed as appropriate in the detailed report

Accommodation –
To be addressed as appropriate in the detailed report

Crime and Disorder –
To be addressed as appropriate in the detailed report

Human Rights –
To be addressed as appropriate in the detailed report

Consultation –
To be addressed as appropriate in the detailed report

Procurement –
To be addressed as appropriate in the detailed report

Disability Issues –
To be addressed as appropriate in the detailed report

Legal Implications –
To be addressed as appropriate in the detailed report

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County Council

24 February 2016

Budget 2016/17
Report under Section 25 of Local Government Act 2003

Report of Don McLure, Corporate Director Resources

Purpose of the Statement

1 To provide Members with information on the robustness of the estimates and the adequacy of reserves in the Cabinet's Budget for 2016/17, so that all Members have professional authoritative advice available when you make your final budget decisions at this meeting of the County Council on 24 February 2016.

Background

2 Local Authorities decide every year how much they are going to raise from Council Tax. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year.

3 The decision on the level of the Council Tax is taken before the financial year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

(i) making prudent allowance in the estimates for each of the services;

(ii) ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

4 Section 25 of the Local Government Act 2003 requires that an Authority's Chief Financial Officer reports to Full Council when it is considering its Budget and setting its Council Tax for the forthcoming financial year. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that Members will have professional, authoritative advice available to them when they make their decisions.

5 Section 25 also requires Members to have regard to this report in making their decisions.

Robustness of Estimates

6 Service Groupings have been building detailed budgets throughout the year. Transfers between Service Groupings have been made to reflect more accurately the Service structures and responsibilities. In addition, service pressures have been identified. Reports have been presented to Cabinet and

the Overview and Scrutiny Management Board and Corporate Issues Overview and Scrutiny Committee.

7 The 2016/17 budget proposals are based on extensive analysis and assurances from Corporate Directors and their finance support staff. Cabinet Members have worked with their respective Directors throughout the process. Overview and Scrutiny Members have been able to question Service Groupings on current budgets, performance and proposals. The public, Trade Unions and Business Ratepayers and their representatives have also been consulted on the proposals.

8 Extensive work has also been carried out to produce an indicative balanced Medium Term Financial Plan (MTFP). A range of broad assumptions have been utilised and robustly challenged as part of the MTFP (6) process. More work is needed for years 2017/18 to 2019/20 to identify total additional savings of £67.4m, but in my professional view we have taken all reasonable and practical steps to identify and make provision for the County Council's commitments in 2016/17 in order to achieve a balanced budget.

Adequacy of Reserves

9 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Local Authority Accounting Panel (LAAP) has a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 77) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government. It is best practice to follow this guidance.

10 The guidance however states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of the council's budget. Each Local Authority should take advice from its Chief Financial Officer and base its judgement on local circumstances.

11 Reserves should be held for three main purposes:

(i) A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;

(ii) A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;

(iii) A means of building up funds known as 'earmarked reserves', to meet known or predicted funding requirements.

12 The CIPFA Guidance highlights a range of factors in addition to cash flow requirements that Councils should consider including:

(i) The treatment of inflation

(ii) The treatment of demand led pressures

(iii) Efficiency savings

(iv) Partnerships and

(v) The general financial climate, including the impact on investment income.

13 The guidance also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If Members choose to use reserves as recommended within the 2016/17 Budget, appropriate action will need to be factored into the MTFP (7) to ensure that this is addressed over time.

14 The risk assessment process has identified a number of key risks which could impact on the Council's resources. The Council continues to face significant Government funding reductions and ongoing budget pressures. In addition there continue to be risks associated with the Business Rate Retention Scheme and the Local Council Tax Reduction Scheme.

15 With these risks in mind, it is recommended that the County Council adopts a policy for reserves as follows:

(i) Set aside sufficient sums in earmarked reserves as it considers prudent. The Corporate Director Resources be authorised to establish such reserves as are required in line with the Council's Strategy, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet.

(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 is up to around £30m.

16 Earmarked reserves have been established to provide resources for specific purposes. Of these reserves, the use of schools balances is outside of the control of the Council.

17 In my professional view, if the Council were to accept the Cabinet's recommended Council Tax increase of 1.99% plus 2% for Adult Social Care Services, funding for unavoidable service pressures and investments, proposals for savings and for capital investment then the level of risks identified in the budget process, alongside the Authority's financial management arrangements suggest that the level of reserves is adequate.

Recommendation

18 That Members have regard to this statement when approving the budget and the level of Council Tax for 2016/17.

Contact: Don McLure Tel: 03000 261943

Appendix 1: Implications

Finance – This report sets out the view of the Council's Section 151 Officer (as identified in the Local Government Act 1972) in relation to the robustness of estimates and the adequacy of reserves determined in the 2016/17 budget build.

Staffing – None.

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

Equality and Diversity / Public Sector Equality Duty – None.

Accommodation – None.

Crime and Disorder - None.

Human Rights – None.

Consultation – None.

Procurement – None.

Disability Discrimination Act – None.

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

County Council

24 February 2016

Report under Section 25 of the Local Government Act 2003
Medium Term Financial Plan 2016/17 to 2019/20 and Revenue and Capital Budget 2016/17
Council Tax Setting in Order to Meet the County Council's Council Tax Requirement for 2016/17

Key Decision Number Corp/R/15/02

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 advise Council that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting have been delayed due to the late notification of the final Local Government Finance Settlement. The reports are expected to be made available by 18 February 2016.

Background

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3 In addition, the report identified that, at that point, the Council was awaiting further confirmation on our revenue specific grant allocations including Public Health and the Better Care Fund. All of our specific capital grant allocations were also still awaited at that time.

4 The final Local Government Finance Settlement was published on 8 February and it was therefore not possible to prepare the required budget

report as planned for 10 February Cabinet therefore a Special Cabinet Meeting was arranged for 17 February.

5 On this basis the release of papers to County Council needed to be delayed until Cabinet have recommended a budget to County Council for approval.

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Recommendations and reasons

7 That County Council note that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting will be circulated by 18 February 2016.

Contact: Jeff Garfoot Head of Corporate Finance Tel: 03000 261 846

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Finance -
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Staffing –
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Procurement –
To be addressed as appropriate in the detailed report

Disability Issues –
To be addressed as appropriate in the detailed report

Legal Implications –
To be addressed as appropriate in the detailed report

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County Council

24 February 2016

Medium Term Financial Plan 2016/17 to 2019/20 and Revenue and Capital Budget 2016/17

Report of Cabinet
Councillor Simon Henig, Leader of the Council

Purpose of the Report

1 To provide County Council with the financial details of Cabinet's budget recommendations for the 2016/17 Revenue and Capital Budget and Medium Term Financial Plan (MTFP (6)) 2016/17 to 2019/20.

Executive Summary

2 The financial outlook for the Council and the whole of local government remains extremely challenging. The Council has faced government funding reductions since 2010/11 with reductions forecast to continue until at least 2019/20.

3 The Chancellor of the Exchequer's Autumn Statement published on 25 November 2015, announced an overall improvement in the public finances compared to their previous forecasts which afforded some protection for unprotected government departments. Unfortunately this protection was not given to local government and in cash terms, the average reduction in budgets for unprotected government departments over the 2016/17 to 2019/20 period is circa 6%, whereas the reduction for local government over the same period is circa 53% in cash terms.

4 It is apparent therefore that the financial landscape for local authorities will continue to be extremely challenging until at least 2019/20, resulting in the longest period of austerity in modern times. By 31 March 2016 the Council will have delivered savings of £153m since 2011. In the January 2016 MTFP Cabinet report it was forecast that the savings required between 2016/17 and 2019/20 would be circa £124m. Having further analysed the final Local Government Finance Settlement of 8 February 2016, it is now forecast that the savings required for this period will be £104m, mainly due to confirmation of receipt of increased Better Care Funding from 2017/18 to 2019/20 and the forecasted council tax income of £15m from 2016/17 to 2019/20 from the Government's 2% adult social care precept.

5 The Council was originally forecasting that funding reductions would be applied in line with previous government policy, however following lobbying from some local authorities including Durham, the Association of North East

Councils (ANEC) and the Special Interest Group of Municipal Authorities (SIGOMA), the government has made some methodology changes which have beneficially impacted upon our previous savings forecast as shown below:-

(i) Revenue Support Grant (RSG) reductions are now based upon a Core Spending Power calculation which includes Council Tax and Business Rate income as well as RSG. This has resulted in a fairer apportionment of reductions in RSG across all local authorities going forward, but does not address the inequality of cuts applied across the period 2011/12 to 2015/16.

(ii) Local authorities providing adult social care services have been given the flexibility to increase council tax by an additional 2% for an adult social care precept over and above the existing 2% referendum level. In reporting the percentage Core Spending Power reduction applied to local government, the government has assumed that all authorities responsible for adult social care will apply the additional 2% social care precept increase in each of the next four years.

(iii) The Better Care Fund (BCF) has been increased by £1.5bn nationally and will be allocated directly to local authorities rather than through a pooled budget arrangement with the National Health Service. The allocation will take into account each local authority's ability to raise income via the additional 2% council tax adult social care precept flexibility. The Council will receive £23m in this regard, although the majority of this additional funding will not be received until 2018/19 and 2019/20 and the funding for this will come from top sliced funding, primarily the New Homes Bonus.

6 Although the provisional settlement resulted in local authorities Core Spending Power varying by broadly the same level, it would appear that following intense lobbying by shire county councils, the government has identified additional funding of £211m to be targeted at those authorities whose Revenue Support Grant has reduced by the 'highest percentage' and also at 'rural' authorities. Unfortunately, although Durham already faced a higher Core Spending Power cut than the national average, the Council has not received any increase in funding from this additional £211m allocation. Shire county councils have received significant additional funding allocations for 2016/17 and 2017/18 e.g. Surrey will receive an additional annual allocation of £11.9m, Hampshire an additional £9.4m, North Yorkshire an additional £9.2m and Cumbria an additional £5.2m.

7 The additional funding allocated to shire county councils has also resulted in significant improvement in their respective Core Spending Power positions in 2016/17 with North Yorkshire receiving an increase of 2.5% which would be the equivalent of a £10m funding increase for Durham if the council had received the same 2.5% increase.

8 In addition to the reductions in Revenue Support Grant, the Council will face additional reductions over the next four years in specific grants in relation to

New Homes Bonus, Public Health, Education Services and Benefit Administration. In addition, updated forecasts of demographic and other inflationary pressures arising from the National Living Wage have had to be accommodated within the MTFP(6) forecasts.

9 Overall, the Council's final settlement position is only slightly better than the provisional settlement due to receiving £140k more than forecast from the New Homes Re-imbursement grant. The delivery of additional savings of £104m across the next four years will be extremely challenging and will mean the Council needing to deliver cumulative savings of £258m between 2011/12 and 2019/20.

10 The forecasted savings required to balance the 2016/17 budget are £36.8m and includes forecast savings of £4.3m in relation to Public Health. The 2016/17 savings plans included in this report amount to £28.3m therefore the £4.2m savings shortfall will be covered by the utilisation of £1.6m of the Budget Support Reserve (BSR) and the utilisation of the £2.6m 2015/16 Collection Fund surplus. The utilisation of these sums will enable the Council to delay the impact of further cuts in front line services until later years. At this stage it is also forecast that an additional £11.6m of BSR will be utilised in 2017/18, bringing the total use of this reserve to £13.3m.

11 The Council has consulted with the public and stakeholders as part of the MTFP (6) development. During autumn 2013 a major exercise was carried out which 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 both the autumn of 2014 and the autumn of 2015, with the public and partner agencies. In the most recent consultation, the majority of responses indicated that the priorities established in 2013 were still appropriate.

12 A second phase of MTFP (6) consultation was carried out at public events in December and January. There was support for the Council's approach to managing savings. In addition, there was general support in the Council taking advantage of the additional 2% council tax precept to support adult social care services and in so doing enabling the Council to protect front line services.

13 The Council's MTFP strategy for the last five years has been to protect front line services as far as possible and the 2016/17 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 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.

14 Detailed savings proposals are included in the report for 2016/17 as shown at Appendix 4 with high level, indicative savings also included for 2017/18. The final Local Government Finance Settlement published on 8 February 2016 provided details of RSG cuts up to 2019/20 and also provided the opportunity for local authorities to receive confirmation of this 'four year settlement' on the

production of an ‘Efficiency Plan’. Cabinet agreed on 13 January to provisionally notify the government how the Council would be minded to submit an efficiency plan in order to receive confirmation of a four year financial settlement subject to approval by Full Council. This report describes how the Council fulfils the Government’s requirements to produce an efficiency plan which is shown at Appendix 3.

15 In the setting of council tax levels for 2016/17, consideration has been given to the significant financial pressures facing the Council and how best to meet these pressures. The Government has confirmed that the maximum the Council can increase council tax by is 1.99% without approval from a majority of council tax payers to increase it higher after a public referendum. The Government has also provided the option to increase council tax by an additional 2% adult social care precept to local authorities like Durham who provide adult social care services. This report therefore recommends a 3.99% Council Tax increase in the Council’s Band D Council Tax in 2016/17, which will generate additional income of £7.1m. The 3.99% increase would result in an average increase of £1.02 a week for all Council Tax payers and an increase of 68 pence a week for the majority of Council tax payers in County Durham, who live in the lowest value properties (Band A). Continued increases of 3.99% are also factored into the MTFP across the period 2017/18 to 2019/20.

16 Despite this very challenging financial period through the scale and sustained level of Government spending cuts and the impact on the Council’s finances, this report includes some very positive outcomes for the people of County Durham including:

(i) Continued support to protect working age households in receipt of low incomes through the continuation of the existing Council Tax Reduction Scheme where they will be entitled to up to 100% relief against their council tax payments;

(ii) Ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people through the services we provide;

(iii) Continue to work with community groups to explore opportunities for the transfer of council assets so that they can be sustainable into the future through the ‘Durham Ask’ initiative;

(iv) Significant investment in capital expenditure in line with the Council’s highest priority of regeneration in order to protect existing jobs and create as many new jobs as possible including investing in our town centres and industrial estates; extending fast speed broadband access across the whole county and infrastructure including new transport schemes and maintenance of our highways and pavements.

17 As outlined in previous MTFP reports, equality impact assessments are also summarised to inform the consultation and subsequent decision making. Workforce implications arising from proposals for 2016/17 savings have been

analysed and the projections for the number of posts to be removed as a consequence of austerity have been increased by an estimated 400 posts.

Background

18 The Council's MTFP (6) is aligned to the Council Plan, which sets out the Council's strategic service priorities over the next three years 2016/17 to 2018/19 with an indicative direction of travel for 2019/20.

19 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.

20 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 (6):-

(i) To set a balanced budget over the four year 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

21 The final Local Government Finance Settlement was published on 8 February 2016 and includes RSG and forecast Top Up grant allocations for the period 2016/17 to 2019/20.

22 The Government has made changes to the provisional settlement following the extensive lobbying from shire county councils who complained that the settlement was worse than they had forecast.

23 The Council Tax Referendum Limit is confirmed at 2%. The Government has also confirmed that an additional 2% council tax precept could be levied by local authorities providing adult care services. Cabinet agreed on 13 January to provisionally notify the government that the Council would be minded to increase council tax by the additional 2% adult social care precept subject to further public consultation and approval by Full Council. The MTFP(6)

forecasts assume that the additional 2% adult social care precept will be applied across the whole MTFP(6) period in addition to the current 1.99% council tax increase forecast.

24 The final settlement includes details of core grants including RSG and Business Rates 'Top Up' Grant. The table below highlights the 2016/17 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 – 2016/17 Settlement Funding Assessment

Funding Stream	2015/16	2016/17	Variance	
	£m	£m	£m	%
Revenue Support Grant	100.240	77.140	(23.100)	(23.0)
Business Rates	55.050	55.500	0.450	0.8
Top Up Grant	60.491	61.000	0.509	0.8
SFA	**215.781**	**193.640**	**(22.141)**	**(10.3)**

25 The table above highlights that the SFA has reduced by 10.3% in 2016/17 although of more importance is the reduction in RSG. The government has also announced that specific grants in relation to both the Care Act and Local Lead Flood Authorities have been transferred into RSG. In 2015/16 the Council received £2.770m and £0.047m respectively in relation to these funding streams. After taking these transfers into account the actual reduction in RSG in 2016/17 is therefore £25.9m or 25.8%.

26 In addition to the above 'core' grants the Council continues to face reductions in Specific Grants. The Council still awaits confirmation of the 2016/17 allocations for a wide range of specific grants. The table below provides details of the allocations confirmed to date whilst Appendix 2 provides a comprehensive list of all specific grants the council expects to receive for 2016/17.

Table 2 – Reduction in 2016/17 Specific Grants

Specific Grant	2015/16	2016/17	Variance	
	£m	£m	£m	%
Education Services Grant	6.002	5.407	(0.595)	(10)
Public Health Grant	55.568	51.246	(4.322)	(8)
Housing Benefit Admin	2.593	2.482	(0.111)	(4)

27 Overall, the final settlement position for 2016/17 is broadly in line with the Council's forecasts reported to Cabinet on 13 January. The major adjustments are the reduction in the previously forecast £40.6m savings target to the current £36.8m level due to the additional £3.6m generated from the recommended additional 2% council tax adult social care precept. The forecasted Collection Fund surplus of £2.617m has also been included in the 2016/17 budget model where the impact has been a corresponding reduction in the use of the BSR.

28 Cabinet agreed on 13 January to provisionally notify the government how the Council would be minded to submit an efficiency plan in order to receive confirmation of a four year financial settlement subject to approval by Full Council. The Council advised DCLG by their 15 January deadline of the Council's intention of publishing a plan and at this time we are awaiting confirmation of the security that might be offered as part of the four year settlement. Our Efficiency Plan is included in this report at Appendix 3.

Analysis of Final Settlement

29 The Council along with the ANEC and SIGOMA, have campaigned extensively for the government's funding reduction methodology to change on the basis that the system between 2011/12 and 2015/16 resulted in higher 'Spending Power' cuts to more deprived areas with higher needs such as Durham and the north east when compared to local authorities in more affluent areas as the methodology included public health and Better Care Fund specific grants and ignored need, council tax raising capacity and retained business rate income.

30 To an extent, the government has taken these views into account as part of this settlement and has adjusted the methodology and simplified the calculation of Spending Power. The main change in this regard is that Public Health Grant and the original Better Care Fund (BCF) allocations have been excluded. However, in practice, this masks the true Spending Power position for each local authority due to the reduction in the Public Health Grant.

31 The Government's revised 'Core Spending Power' calculation includes the following:

(i) The Settlement Funding Assessment (SFA) for the Council. This includes assumed retained Business Rates, the Top Up Grant and RSG.

(ii) The council tax requirement. This includes the following assumptions:-

(a) Annual growth in the council tax base, utilising the actual average growth between 2013/14 and 2015/16;

(b) An average 1.75% annual increase in Council tax.

(iii) The potential additional council tax income available from the 2% adult social care council tax precept flexibility. It has been assumed in published figures that this flexibility is utilised in each of the four years up to 2019/20.

(iv) The additional funding available from the BCF from 2017/18.

(v) New Homes Bonus. The government has forecast how much this funding stream may reduce in future years to finance the increase in BCF.

32 In the future, to ensure local authorities providing the same services experience similar overall funding reductions, the RSG cut will be based upon total Core Spending Power rather than just the value of RSG. This change should ensure a fairer allocation of funding cuts going forward whilst austerity continues. It does not however rectify the inequitable levels of cuts applied to date.

33 The additional BCF funding will not be allocated based upon the current BCF methodology. Instead to calculate the new BCF allocation, the government has taken into account the following:

(i) Identifying the total additional sum available nationally over the next four years for adult social care from the 2% council tax precept flexibility and the extra income from the additional BCF.

(ii) Calculating what proportion of the national total sum available each local authority providing adult social care services should receive based upon their individual proportion of the 2013/14 adult social care Relative Needs Formula (RNF).

(iii) Calculating how much each local authority could generate from the additional 2% adult social care council tax precept flexibility.

(iv) Calculating for each local authority the additional BCF allocation by deducting the sum which could be generated from the 2% adult social care council tax precept increase from the RNF calculation.

34 This new approach is fairer to areas such as Durham who have low tax raising capacity and has resulted in the Council receiving a higher than average provisional BCF allocation. This approach should also reflect the higher adult social care needs of an area such as Durham.

35 Although the approach followed is fairer for councils like Durham than the approach followed in previous years, the shire county councils have lobbied extensively during the provisional settlement consultation process to receive some level of transitional funding on the basis of the settlement being worse than they were forecasting. The Government appears to have listened to their lobbying and provided £150m of Transitional funding for both 2016/17 and 2017/18 whilst also increasing the Rural Services Delivery Grant by £61m a boost in total of £211m for the benefit of these councils.

36 The Transitional funding has been targeted at those authorities whose RSG has reduced by the highest percentage in 2016/17 and 2017/18. This is an unfair approach to take as RSG is only one part of Core Spending Power. It would have been fairer if the additional £150m of funding was allocated based upon each local authority's proportion of national Core Spending Power which would have resulted in all councils, including Durham receiving a 'fair share'. The Council however will not receive any of this additional Transition funding with the final settlement for RSG being the same as the provisional settlement.

37 In terms of the Rural Services Delivery Grant, this is targeted at those authorities deemed to be in the top 20% nationally in terms of sparsity. Although Durham is a largely rural authority the council does not receive any of this additional allocation.

38 The additional £211m funding allocated in 2016/17 has resulted in shire county councils and southern unitary authorities receiving significant budget increases for both 2016/17 and 2017/18. The annual increases for a number of authorities are detailed below:

	£m
Surrey	11.9
Hampshire	9.4
North Yorkshire	9.2
Devon	8.3
Cumbria	5.2

39 In terms of Core Spending Power, the additional funding has also resulted in significant improvements for these authorities. In 2016/17 North Yorkshire has received an improvement in Core Spending Power of 2.5%. If the Council had received the same 2.5% Core Spending Power increase, we would have received additional funding of £10m which would have been replicated in 2017/18.

40 In terms of the calculation of the Council's Core Spending Power, the table overleaf details the final settlement position published by the government for the period up to 2019/20. It is important to note that the government has assumed that all local authorities will utilise the flexibility to increase council tax annually by the additional 2% adult social care precept on top of an assumed average 1.75% council tax increase i.e. an assumption of a total 3.75% annual increase. The government has also forecast the impact of reducing the sum available nationally for New Homes Bonus (NHB).

Table 3 – Core Spending Power Analysis

	2015/16 Adjusted	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Settlement Funding	219.2	193.6	174.8	164.2	153.8
Council Tax Requirement	174.1	178.0	182.8	187.9	193.4
2% Council Tax Social Care Precept Flexibility	0	3.5	7.3	11.3	15.7
Improved Better Care Fund	0	0	2.4	13.4	23.1
New Homes Bonus	8.7	10.5	10.5	6.6	6.3
TOTAL	**402.0**	**385.6**	**377.8**	**383.4**	**392.3**

Note – Government forecast reduction in Council Core Spending Power **- 2.4%**

41 The forecast reduction in Core Spending Power over the next four years for the council is 2.4% compared to a national average reduction of 0.5%. This position is not truly reflective however and it is important to note the following in relation to the above:

(i) The government has assumed a 3% average increase every year in Business Rate income and Top Up Grant.

(ii) The government is forecasting an additional 1% per annum increase in council tax base.

(iii) The New Homes Bonus reduced figures are estimates at this stage.

(iv) No account is taken of the £83m of base budget pressures faced by the Council over the next four years including an estimated £22.6m increase in contractor costs related to the introduction of the government's National Living Wage up to 2019/20.

42 The Council's reduction in Core Spending Power in 2016/17 will be the sixth year in which the Council has faced a higher reduction in Core Spending Power than the national average. Examples of the reduction in Core Spending Power in 2016/17 are detailed overleaf:

	2016/17 Reduction in Core Spending Power %
England Average	2.3
Durham County Council	4.1
Newcastle	4.4
Sunderland	4.3
Surrey	1.0
Wokingham	0.4
North Yorkshire	0.3

43 The Government has also published details of Spending Power 'per dwelling' for all local authorities. Areas of deprivation naturally require and have always received relatively higher funding levels than more affluent areas. This higher level of funding in deprived areas is required for a range of reasons including:

(i) In affluent areas, significant numbers of service users, especially in adult social 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 to provide services in deprived areas is much higher than in affluent areas.

(ii) Similarly, demand for services such as Children's Social Care, in deprived areas is significantly higher than more affluent areas resulting in deprived areas requiring higher budgets.

44 Regardless of this, the Spending Power per dwelling data highlights how significantly the funding of an area such as Durham has declined over recent years. The table below highlights the 2016/17 Spending Power per dwelling for a range of local authorities. The England average excludes District Councils.

Table 4 – 2016/17 Core Spending Power per Dwelling

Area	Core Spending Power Per Dwelling
	£
England	1,838
Durham	1,608
Wokingham	1,723
Reading	1,780
Nottingham City	1,844
Surrey (including Districts)	1,955

45 Considering the levels of deprivation in County Durham, it is disappointing that the government's Spending Power per dwelling calculation for Durham is now significantly less than the England average. The impact of above average funding reductions for six years has resulted in a relative position for Durham which is neither proportionate nor fair. By way of a practical example; it is staggering to think that a relatively deprived area like Durham should have a lower Spending Power per dwelling compared to a more affluent area such as the county area of Surrey which has a 20% higher spending power per dwelling than Durham. Bearing in the mind the difference in 'need' of the respective areas it would appear to be more logical if Durham had a 20% higher spending power than the Surrey county area rather than the other way around.

Consultation

46 The budget consultation for 2016/17 builds on the major MTFP consultation exercise carried out in 2013, which involved more than 4,000 people and provided a clear steer on which services should be prioritised for a standard, larger or smaller reduction for the period 2013 to 2017.

47 The 2016/17 consultation was carried out in two phases. Phase one concentrated on the service priorities identified in 2013 and whether they continued to be relevant as well as what more could be done to encourage greater involvement in the Durham Ask. The outcomes of phase one were reported in the December report. The key findings were:

(i) The priorities identified in 2013 continue to be relevant, and

(ii) That the Council raise awareness of the Durham Ask and provide communities with clear information, support and timescales.

48 Key partners and the wider public participated in the second phase of the consultation which took place between 16 December 2015 and 12 January 2016. The consultation sought views on three key areas;

(i) the council's approach to managing the reductions to date,

(ii) the specific proposals for 2016/17 as reported to Cabinet in December, and

(iii) the potential introduction of the adult social care precept.

49 In total, 139 people participated in twenty facilitated groups across three consultation events. They were asked to score on a scale of 1-10 (1 being poor and 10 being excellent) how the Council had managed the reductions to date and also to provide feedback on our approach. The average score across the twenty groups was 7.5. Discussions indicated broad agreement with the Council's approach, with all groups expressing that we had managed the process well. In particular positive comments were made about our

innovative solutions, partnership working and asset transfer/Durham Ask. These areas are expanded in the table overleaf.

Table 5 – Consultation Feedback

Theme	Examples or comments
Innovative solutions (seven groups)	• Environment management such as flower meadows (seven groups) • Reduced library hours rather than closure (seven groups) • Waste disposal (four groups)
Partnership working (eight groups)	Increase partnership and inter agency working as it delivers results.
Improved consultation and engagement (six groups)	Groups commented on the visible increase in consultation, engagement and dialogue throughout the council budget process.
Asset transfer/ Durham Ask (eleven groups)	Durham Ask was felt to be a good idea and a well-managed approach. Groups stressed the need for continued support as well as allowing sufficient time for the process. Concern was raised about a growing reliance on volunteers.

50 Participants stated that they understood that the council needed to make difficult decisions (six groups). They generally felt the council is managing this approach well and that there have been no significant impacts to date (nine groups). However, there was recognition amongst the consultees that other people or communities might have felt greater impacts from the cuts.

51 It was also recognised that as reductions continue and frontline services are increasingly affected, impacts will be seen (ten groups). Some notable impacts include:

(i) Increased fly tipping felt to be due to charges for bulky waste (seven groups)

(ii) Increased number of pot holes (five groups)

(iii) Reduced street lighting (two groups).

52 Four groups suggested that impacts have been felt more significantly in rural areas, particularly regarding bus routes.

53 When the twenty groups where asked to consider the specific proposals for reductions in 2016/17, ten indicated support for the approach and the identified reductions and no groups disagreed.

54 Most groups (fifteen groups) stressed the need for ongoing consultation regarding specific reductions and requested that at each point more information should be provided.

55 The consultation strongly supported the need to continue the innovative approach, (eight groups), partnership/collaborative working (eight groups), and the protection of front line services (four groups) particularly those for vulnerable people (three groups) wherever possible. It was indicated that where possible we should continue to target reductions from back office and senior posts (thirteen groups).

56 The need to maximise income by introducing and increasing charges was stressed (nine groups) as well as continuing to attract inward investment including European markets and funding (three groups). Another suggestion was to identify further savings through the expansion of sharing and charging for services at a regional level such as IT or human resources (seven groups).

57 The use of reserves to meet savings targets was supported by seven groups whilst 1 group questioned the use of reserves for revenue as it could impact on interest received.

58 During the discussions, many of the groups (five groups) highlighted the need to consider council owned buildings and land, with the aim of reducing costs and bringing in income through sale. In particular:

(i) Unoccupied buildings

(ii) Buildings which are expensive to run

(iii) Industrial and commercial units

59 Co-location of services with other organisations such as police, fire or community buildings was suggested by seven groups.

Other discussions included:

(i) Concerns about the impact of reducing AAP Area Budgets (seven groups), whilst one group suggested that these budgets should be reduced further

(ii) Six groups commented on the impact of savings in rural areas, some stressing that rural proofing should be applied in future savings.

(iii) More innovative use of community assets such as community groups and centres (four groups)

(iv) Focus provision of certain services and facilities on a smaller number of centres. Suggestions included:
   (a) AAPs (two groups)
   (b) Leisure centres (two groups)
   (c) Libraries (one group).

(v) Reconsider reductions in funding to the voluntary and community sector and/or reduce the impact on the sector by considering other options such as offering support, rent reductions or help with human resources (two groups).

60 In relation to the adult social care precept, eighteen groups indicated that they would support the introduction of the 2% precept. Two of these groups would have supported a 4% or higher precept if this were possible. One group disagreed with the introduction of an additional precept on the basis that it would not have significant impact in their view and one group could not reach an agreement.

61 When asked how the adult social care precept could be used, a range of responses was received, however the following areas were most frequently mentioned:

(i) Services to keep older people in their own homes, including support for carers and families (twelve groups)

(ii) Services for those with Dementia/Alzheimer (five groups)

(iii) Services to enable efficient transition from hospital to home (five groups).

62 Other comments about the introduction of the adult social care precept focused on the need for efficiency, smarter working arrangements and effective links between NHS and council services.

63 In addition to being represented at the consultation events, key partners were invited to submit comments on the Council's budget proposals and to identify if any of the proposals would have a negative impact on their organisation's priorities and workload.

64 Three key partners, the police, fire service and the County Durham Association of Local Councils provided written responses on the council's overall approach to managing its budget. Their responses indicated a full appreciation of the position that the council is in and support the approach to the reductions to date. They specifically supported the continued protection of front line services for vulnerable people where possible. The responses supported continued collaboration, partnership working and on-going dialogue relating to the budget reductions in order to avoid duplication, minimise impact and maximise value for money.

65 In addition to the cross cutting responses, a small number of specific comments where received and these have been passed onto the relevant services for consideration as part of specific consultation.

Scrutiny Committee Feedback

66 Scrutiny members met on the 26 January 2016 to consider the December and January MTFP 6 reports. The Chairman of the Overview and Scrutiny Management Board presented the members' comments from these meetings at the Cabinet meeting on 17 February and these are summarised below.

67 A summary of the Chairman's comments are shown below.

68 Overall, members of the Corporate Issues Overview and Scrutiny Committee were supportive of the extensive analysis and work undertaken on behalf of Cabinet in analysing the implications of the Government's spending review and the Local Government Finance Settlement. In particular, they wanted to thank officers for their hard work in interpreting and explaining the medium term financial outlook for the Council.

69 The Committee noted that whilst the provisional Revenue Support Grant and some details on specific grants had been received, there remained considerable uncertainty in terms of the final settlement and the figures for public health, Better Care Fund and New Homes Bonus. The Committee felt that this level of uncertainty at such a late stage in budget setting was unacceptable and that the Council should continue to make representations to Central Government with regard to the timeliness of funding figures.

70 Turning to the likely level of the final settlement figure, members remained extremely concerned about the high level of savings required by local government and this Council over the next four years, but welcomed the new methodology adopted by Central Government which will mean a fairer approach to budget cuts, if followed through in the final settlement.

71 In terms of the individual savings proposals, two members of the committee had particular concerns in relation to the proposed Area Action Partnership savings which they suggested should be delayed, although this was not supported by the whole committee. In the future, members of the committee agreed that they would like to see greater detail in the savings proposals for consideration by scrutiny, and that this detail should be provided if possible at an earlier stage in the MTFP process. Feedback from the final scrutiny session which is taking place on Friday 19 February will be provided to the full council meeting by the chair of Overview and Scrutiny Management Board.

Medium Term Financial Plan Strategy

72 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.

73 Throughout the period covered by the MTFP (1) 2011/12 through to MTFP (6) 2019/20, the cumulative savings required has risen from £123m to £258m. It is therefore clear that it will become increasingly difficult to protect frontline services going forward.

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

(i) £153.2m of savings will have been delivered by 31 March 2016.

(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 even higher savings over time.

(iii) The number of employees earning over £40,000 since 2011 has reduced by 34% and has therefore significantly reduced management costs.

(iv) Proportionately, 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 (6) that there would be a reduction in posts of 1,950 by the end of 2014/15 with the actual figure being broadly in line with this forecast. Looking ahead with the significant savings requirements over the next two years, the Council is expecting to see further reductions in the workforce. For 2016/17 the forecast is a further reduction of around 400 posts including the deletion of an anticipated 60 vacant posts.

(vii) Following the abolition of the national Council Tax Benefit system in 2013 and despite government funding reductions for the Local Council Tax Reduction Scheme, the Council has been able to maintain a scheme that protects all working age households in line with the support they would have previously received under the Council Tax Benefit system. This is a significant achievement and the Council is one of small number of Councils that have been able to maintain this support at a time when working age households are suffering from continued impacts of the government's welfare reforms.

(viii) The council has been able to protect those services prioritised by the public such as winter maintenance whilst also continuing to support a fully funded capital programme.

75 The benefits 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 smooth delivery of the savings targets and enabled a managed implementation of proposals across financial years.

76 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 the implementation and delivery on time, including extensive consultation and communication. This has put the Council in as strong a position as possible to meet the ongoing financial challenges across this medium term financial plan and beyond, where savings proposals are becoming more complex and difficult to deliver and will inevitably require increased utilisation of reserves to offset any delays and 'smooth in' reductions across financial years.

77 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 (6) have identified unavoidable impact on vulnerable people, the Council works hard with partners to minimise this impact as far as possible. In MTFP (6), support has been continued to protect working age people on low incomes through the continuation of the existing Council Tax Reduction Scheme. 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 delivering cashable efficiency savings since local government reorganisation. This includes rationalisation of Council buildings and IT systems as well as implementing significant 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) **Work with the community:** The Council is a forerunner in asset transfer, having successfully transferred a number of leisure centres, a golf course, community buildings and children's centres 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 to community groups so long as there is a business case supporting the sustainability of the transfer.

(iv) **Fees and 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.

78 It is clear that austerity will continue over the four year period of this medium term financial plan. Where the savings targets were declining year on year from the huge reduction of £66m in 2011/12, the Council is likely to face two more years where the savings 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 £258m since 2011/12 up to 2019/20 and means that the Council continues to face a very considerable financial challenge to balance budgets whilst providing a good level of services.

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

80 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 49% of business rates raised locally. Economic regeneration has always been the top priority for the Council. Unfortunately the practical consequences of these changes shifts risks once managed nationally to local authorities should there be a downturn in the local economy and local business rate yield reduces. In addition, the Council also now carries a share in the risk arising from successful rating appeals against the rateable value assigned to a business by the Valuation Office, part of HM Revenues and Customs which can go back many years and pre-date the introduction of Business Rates Retention.

(iii) The Chancellor of the Exchequer's 2015 Autumn Statement confirmed the government's aspiration that local authorities will be able to retain 100% of business rates collected locally by the end of this parliament. The transfer of 100% of business rates would result in local government as a whole receiving more income than would be required. On this basis, the government has confirmed that additional service responsibilities will be transferred to local government. Although the transfer of service responsibilities will be consulted upon, the government has indicated at this stage that they would favour transferring Public Health funding and Attendance

Allowance payments (currently administered by the Department of Works and Pensions) into the Business Rate Retention Scheme. The transfer of Attendance Allowance in particular is likely to result in local authorities facing a range of additional risks in terms of demand.

(iv) The government's proposed Welfare Reform changes carry 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.

(v) Normal risks such as future actual price and pay inflation beyond MTFP forecasts and demographic pressures also will still apply and are not currently recognised in government funding allocations, increasing the real terms cuts required to set a balanced budget.

81 Since clarity has been received in relation to RSG settlements up to 2019/20, there can be some confidence in the savings targets over the next four years. On that basis, detailed savings plans have been developed for 2016/17 and high level indicative savings plans for 2017/18, three of which would deliver additional savings in 2018/19 and 2019/20 if ultimately delivered.

82 Over the coming months work will continue on refining the plans for 2017/18 and developing additional savings plans and strategies for the period 2018/19 and 2019/20. The certainty in terms of RSG settlements in those years will be helpful in terms of financial planning, although delivery of the scale of savings that we need to in these years will be extremely challenging and cuts in front line services will be inevitable.

Revenue Budget for 2016/17

83 Regular updates on the development of the 2016/17 budget have been agreed by Cabinet since July 2015. These updates have provided detail upon the forecast resources available, budget pressures and the savings required to balance the budget. This report provides details on the final position.

Base Budget Pressures in 2016/17

84 Base budget pressures have been reviewed over the last year. Table 6 provides detail of the final position on the 2016/17 Base Budget pressures.

Table 6 – 2016/17 Base Budget Pressures

Pressure	Amount
	£m
Pay Inflation	3.300
Price Inflation	2.500
Corporate Risk Contingency Budget	(3.000)
Employers Nat. Insurance increase – State Pension changes	4.500
Costs associated with the National Living Wage	4.000
Single Status implementation	4.537
Employer Pension Contributions	0.900
Employee Increments	2.581
Pension Fund Auto Enrolment	0.100
Climate Change Levy	0.200
Care Act Grant	1.100
Local Lead Flood Grant – transferred into RSG	0.047
CAS Demographic and Hyper Inflationary Pressures	1.000
Use of Earmarked Reserve in CAS	4.150
TOTAL PRESSURE	**25.915**

Additional Investment

85 Additional budget provision is required for price inflation, the cost of the forecast pay award, costs in relation to employer pension contributions and employee increments.

86 The introduction of a national living wage from April 2016 has resulted in the Council facing a forecast £4m budget pressure in 2016/17 due to likely increases in contract prices including adult social care contractors where salaries paid by care providers are often at or near to the national minimum wage.

87 The Council faces significant budget pressures in relation to the implementation by the government of the Single State Pension which results in an increase in employer national insurance contributions for the Council. Similarly the Council has been utilising earmarked reserves for a number of years to delay the impact of costs in relation to demographic pressures in adult services and costs relating to the implementation of single status in 2012. The ongoing costs in this regard have been introduced as a base budget pressure.

88 The 2016/17 budget will allow the Council to continue to invest in infrastructure growth. Under normal circumstances an additional £2m of revenue would be provided in the budget to finance Prudential Borrowing to continue the support for new projects within the Capital Programme. High cash balances however have delayed the need for the Council to borrow to the levels forecast and Interest rates continue to be at historically low levels. On this basis, it is forecast that the current budget available for prudential

borrowing will be able to absorb the costs associated with the capital bids detailed within this report without the need for additional revenue funding. A key priority of the Capital Programme continues to be regeneration and job creation within the local economy.

Savings Methodology

89 To date, the Council has delivered the savings required on schedule where each of the years 2011/12 to 2015/16 annual savings targets have been achieved totalling £153.2m.

90 The savings target for 2016/17 is £36.847m. Public Health expenditure is forecast to be reduced by £4.3m in line with the government reduction in the Public Health specific grant. In addition £1.622m of the BSR will be utilised to delay the impact of savings upon front line services as well as the £2.617m 2015/16 Collection Fund surplus. Savings required to realise the remaining £28.286m of savings are detailed in Appendix 4 apportioned across each Service Grouping along with 'Corporate' savings.

91 Based upon the four year settlement provided by the government, the Council has also developed high level indicative savings plans for 2017/18 which are also detailed in Appendix 4. Over the coming months the Council will develop savings plans for 2018/19 and 2019/20 and these will be reported to Cabinet during the development of MTFP (7).

92 The revised forecast of savings up to 2019/20 is detailed in Table 7.

Table 7 – Total Savings 2011/12 to 2019/20

Period	**Savings**
	£m
2011/12 to 2015/16	153.2
2016/17 to 2019/20	104.3
TOTAL	**257.5**

2016/17 Net Budget Requirement and Council Tax

93 After taking into account base budget pressures and additional investment, the Council's recommended Net Budget Requirement for 2016/17 is £401.515m. The financing of the Net Budget Requirement is detailed in Table 8:

Table 8 – Financing of the 2016/17 Budget

Funding Stream	Amount
	£m
Revenue Support Grant	77.140
Business Rates	54.841
Business Rates – Top Up Grant	60.996
Collection Fund Surplus	2.617
Council Tax	185.798
New Homes Bonus	10.182
New Homes Bonus Reimbursement	0.267
Education Services Grant	5.407
Section 31 – Small Business Rate Relief	2.432
Section 31 – Empty Property and Retail Relief	0.160
Section 31 – Settlement Funding Adjustment	1.675
TOTAL	**401.515**

94 The Gross and Net Expenditure Budgets for 2016/17 for each Service Grouping are detailed in Appendix 5. A summary of the 2016/17 budget by service expenditure type, based upon the CIPFA classification of costs is detailed in Appendix 6.

95 The government has confirmed that the Council Tax Referendum Limit for 2016/17 remains at 2%. In addition the government has also announced that local authorities which provide adult social care services also have the flexibility to increase council tax by a further 2% through an adult social care precept. A 3.99% council tax increase would generate additional income of £7.1m in 2016/17 which will enable the Council to protect front line services whilst also covering significant base budget pressures such as the additional costs associated with the introduction of the national living wage.

96 The 2016/17 council tax base which is the figure utilised to calculate council tax income forecasts, was approved by Cabinet on 18 November 2015 as 133,892.4 Band D equivalent properties. Based upon the Council's track record in collecting council tax from council tax payers, the tax base for council tax setting and income generation processes will continue to be based upon a 98.5% collection rate in the long run.

Recommendations

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

(i) Approve the identified base budget pressures included in paragraph 84.

(ii) Approve the investments detailed in the report.

(iii) Approve the 2016/17 savings plans detailed in Appendix 4.

(iv) Approve a 2016/17 3.99% increase in Council Tax.

(v) Approve the 2016/17 Net Budget Requirement of £401.515m.

How the Medium Term Financial Plan (MTFP (6)) 2016/17 to 2019/20 has been developed.

98 The following assumptions have been utilised in developing the MTFP (6) budget model which is set out in Appendix 7.

(i) Government grant reductions for the MTFP(6) period have been developed utilising information from the Final Local Government Finance Settlement. The published RSG reductions for the period 2017/18 to 2019/20 are detailed below. By 2019/20 the RSG received by the Council will have reduced to an estimated £27.6m.

Table 9 – MTFP (6) RSG Reductions

Year	Funding Reduction
	£m
2017/18	(21.140)
2018/19	(14.140)
2019/20	(14.240)

(ii) The government has announced significant reductions of circa 15% in Public Health grant over the next four years. At this stage it is expected that the forecast £4.3m reduction in 2016/17 will be realised through reductions in Public Health expenditure. In later years however the reduction will increase the overall Council savings target. The ability to achieve savings in Public Health from 2017/18 will therefore be considered alongside all other Council priority services.

(iii) The Government has announced a consultation process relating to the revision of the New Homes Bonus (NHB) scheme. The key aim in this respect is to reduce the national sum allocated to NHB in 2016/17 of £1.4bn to at least £600m by 2019/20. The sum saved through this adjustment will contribute to an increase in the BCF which is covered later in this report. The Council presently receives £10.2m from the NHB and it is likely that this will significantly reduce over the next four years. It is not possible to accurately predict the reduction in NHB as the consultation process, which runs until March 2016, includes a wide range of options. To be prudent at this stage the Council is forecasting an annual reduction of £2m in NHB in the three years 2017/18 to 2019/20.

(iv) The Council is also forecasting that there will be continued reductions in both the Education Services Grant (ESG) and the Benefit Administration grants. In the Autumn Statement the Chancellor of the Exchequer announced that there would be a review of all statutory duties carried out by local authorities in relation to Education. The ESG reimburses the Council for carrying out such duties and it is expected that this funding stream will reduce significantly. To be prudent at this stage it is forecast that these two grants will reduce in each year between 2017/18 and 2019/20 by a total of £1.4m.

(v) The additional BCF allocations detailed in Table 3 have also been built into the MTFP. The additional allocation begins with a £2.4m in 2017/18 increasing to £23.1m in 2019/20 It is not clear at this stage if there are any specific grant conditions in relation to this funding stream or whether there may be specific expenditure commitments. It is felt prudent however to include these sums in our financial planning at this stage.

(vi) 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 (6) are detailed in the table below:-

Table 10 – Pay and Price Inflation Assumptions

Year	Pay Inflation	Price Inflation
	%	%
2017/18	1.5	1.5
2018/19	1.5	1.5
2019/20	1.5	1.5

(vii) Forecasts have also been included in relation to the impact of the National Living Wage over and above the 1.5% inflation allowance. Over the period 2017/18 to 2019/20 the Council expects to receive requests from a broader range of contractors requesting price increases due to the impact of the National Living Wage. Over this period there will also be an increasing pressure on the Council's salary budget. The annual budget pressure is forecast to be between £6m and £6.6m for the period 2017/18 to 2019/20.

(viii) The triennial review of the pension fund will also take place during 2016. The instability in the UK stock market, poor bond returns and problems in emerging markets are expected to all impact upon the value of the pension fund. It is also forecast that local government pension funds may become partly responsible for annual pension increases which are currently the responsibility of government. Having taken all of these things into account a £5m budget pressure has been included for 2017/18 to reflect the forecast increase required in employer pension fund contributions for the Council.

(ix) Continuing forecast budget pressures in relation to Concessionary Fares, Energy Prices and CAS Demographics and Hyper Inflation whilst also introducing a £1.2m pressure in 2017/18 in relation to the apprentice levy which in reality is a tax on large organisations.

(x) Continuing the need to support the capital programme.

(xi) It is assumed that the Council will continue to utilise the flexibility to increase Council tax by the additional 2% adult social care precept over the referendum limit. On this basis it is forecast that annual council tax increases will be 3.99% across the MTFP (6) period.

99 High level indicative savings planned are included at Appendix 4 in relation to 2017/18, three of which would deliver additional savings in 2018/19 and 2019/20 if ultimately delivered. At this stage it is forecast that £11.6m of the BSR will be utilised in 2017/18 to delay the impact of savings upon front line services. Additional savings plans however will need to be developed to achieve the following residual savings targets for 2018/19 and 2019/20.

Table 11 – Savings to be Identified

Year	Savings Target
	£m
2018/19	24.577
2019/20	14.945

100 It is forecast that £13.3m of the £30m BSR will be utilised to support the MTFP in 2016/17 and 2017/18. The residual balance of £16.7m will be available to support the budget in later years.

101 The MTFP (6) forecasted budget model is attached at Appendix 7.

Financial Reserves

102 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.

103 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 £31m.

104 Each earmarked reserve, with the exception of the Schools' reserve, is kept under review and formally 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.

105 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".

106 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.

107 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 18 November 2015. A range of reserves are being utilised to support MTFP (6). Details are as follows:-

(i) **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 and was replenished again in 2015/16 when a further £10m was contributed. At the end of 2015/16 it is presently forecast that the balance on the reserve will be £16.2m i.e. a sum of £35.7m will have been expended over the 2011/12 to 2015/16 period in support of the MTFP. Having this reserve in place will be a major factor in managing the savings realisation process effectively across the MTFP (6) period. This reserve will continue to be closely monitored.

(ii) **Budget Support Reserve -** It is forecast that £1.6m of the £30m BSR will be utilised to support the MTFP in 2016/17 and £11.6m in 2017/18. The residual balance of £16.3m will be available to support the budget in later years

(iii) **Cash Limit Reserves** – Service Groupings continue to utilise Cash Limit Reserves to enable re-profiling of when MTFP savings are realised. A sum of £0.210m is to be utilised in 2016/17.

108 Between the period 2011/12 to 2016/17 it is forecast that circa £70m of reserves, including the BSR, will have been utilised to support the MTFP. 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 £30m.

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

Table 12 – MTFP (6) Model Summary

	2016/17	2017/18	2018/19	2019/20	Total
	£m	£m	£m	£m	**£m**
Reduction in Resource Base	10.932	13.343	(2.270)	(1.037)	**20.968**
Budget Pressures	25.915	23.450	17.050	16.900	**83.315**
Savings Required	**36.847**	**36.793**	**14.780**	**15.863**	**104.283**

Recommendations

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

(i) Agree the forecast 2016/17 to 2019/20 MTFP (6) financial position.

(ii) Set aside sufficient sums in Earmarked Reserves as is considered to be 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 £30m.

Capital Budget 2015/16 to 2018/19

111 The revised 2015/16 to 2018/19 capital budget was approved by Cabinet on 18 November 2015. Table 13 details the latest revised capital budget for the period 2015/16 to 2018/19 including the revisions approved by Cabinet whilst also providing details of the financing. Further details of the current Capital Programme can be found at Appendix 8.

Table 13 – Current Capital Budget 2015/16 to 2018/19

Service Grouping	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m
ACE	3.991	3.307	0.144	0	7.442
CAS	40.683	21.962	0.742	0	63.387
Neighbourhoods	40.903	35.222	4.449	4.150	84.724
RED	34.543	61.077	9.784	0	105.404
Resources	11.616	9.026	0	0	20.642
TOTAL	**131.736**	**130.594**	**15.119**	**4.150**	**281.599**
Financed by					
Grants and Contributions	52.318	38.960	0.467	0	91.745
Revenue and Reserves	13.167	0.072	0	0	13.239
Capital Receipts	16.631	15.883	7.897	0	40.411
Borrowing	49.620	75.679	6.755	4.150	136.204
TOTAL	**131.736**	**130.594**	**15.119**	**4.150**	**281.599**

Capital Considerations in the MTFP (6) Process

112 Service Groupings developed capital bid submissions during the summer 2015 alongside the development of revenue MTFP (6) proposals. The Capital Member Officer Working Group (MOWG) had 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.

113 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

114 The following 2016/17 capital grants allocations were assumed when MTFP (5) was approved at County Council on 25 February 2015.

Table 14 – 2016/17 Capital Grants Assumed in MTFP (5)

Grant	Amount
	£m
LTP – Highways Maintenance	11.886
LTP – Integrated Transport	2.789
School Capitalised Maintenance	5.635
Disabled Facilities	2.970
General Social Care	1.572
TOTAL	**24.852**

115 Specific capital programmes were included in MTFP (5) financed from these assumed allocations. The majority of allocations have now been confirmed with the following impact:-

(i) **Local Transport Plan (LTP) - Highways Maintenance - £10.897m**
In 2015/16 the Government top sliced Local Authorities LTP Highways Maintenance allocation to form an Incentive Fund and Challenge Fund. This resulted in a significant reduction in the forecast grant allocation. The 2016/17 allocation of £10.897m is £0.989m less than originally forecast and the budget was revised and approved by Cabinet in November 2015.

(ii) **LTP – Integrated Transport £2.789m**
The government confirmed the 2016/17 allocation as part of the 2015/16 local government finance settlement.

(iii) **Schools Capitalised Maintenance/Basic Need - £5.400m**
The Department for Education (DfE) have confirmed that the allocation for 2016/17 will be £5.4m, this is a reduction of £0.235m on the 2015/16 allocation. It is expected that the 2017/18 allocation will be similar. The 2016/17 budget will need to be reduced by £0.235 to reflect the reduction in grant.

(iv) **Disabled Facilities Grant (DFG) - £4.891m**
In 2015/16 the council received £2.970m for DFG and an additional £1.572m General Social Care Grant. Both funding streams were paid through BCF. In 2016/17 the DFG element has been significantly increased to £4.891m with no allocation for the General Social Care Grant. The General Social Care Grant was previously utilised to support the overall capital programme and it is intended that £1.572m of the new BCF allocation does likewise. This will leave £3.319m to invest in DFG, a £349k uplift on the 2016/17 forecast.

116 The table overleaf provides details of the actual 2016/17 capital grant allocations, along with the indicative allocation for 2017/18 included in plans. If the actual allocations for 2017/18 vary from the forecast then the capital budget may need to be adjusted accordingly.

Table 15 – Capital Grants Utilised in Support of the MTFP (6) Capital Programme

Capital Grant	2016/17	2017/18
	£m	£m
Disabled Facilities	4.891	4.891
LTP - Highways	10.897	10.567
LTP – Integrated Transport	2.789	2.689
School Maintenance	5.400	5.400
Devolved Schools Capital	1.378	1.378
Total	**25.335**	**24.925**

Capital Receipt Forecast

117 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.

118 In a small number of circumstances, primarily in relation to former schools sites, capital receipts via land sales are ring fenced to particular schemes. 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.

119 In the Autumn Statement the Chancellor of the Exchequer announced that local authorities would be given flexibility under certain circumstances to utilise capital receipts to finance one off revenue costs associated with service transformation and reform. Additional details were included in the local government finance settlement in this regard.

120 The government has identified that revenue expenditure would qualify to be financed from capital receipts in the following circumstances:-

(i) Qualifying expenditure is expenditure on any project designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years.

(ii) The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's, or several authorities', and/or to another public sector body's net current expenditure.

(iii) Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

(iv) The Secretary of State believes that individual local authorities or groups of authorities are best placed to decide which projects will be most effective for their areas.

(v) Set up and implementation costs of any new processes or arrangements can be counted as qualifying expenditure. However, the ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

121 The government believes that it is important that individual authorities demonstrate the highest standard of accountability and transparency. The draft guidance recommends that each authority should prepare a strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent. This strategy can be included as part of the annual budget documentation and approved by full Council or the equivalent at the same time as the annual budget.

122 At this stage it is not considered that there are a large range of opportunities for the Council to utilise this new flexibility. Careful consideration also needs to be given to the other options of funding such expenditure as identified above e.g. from contingencies or from reserves. Notwithstanding this it is recognised that it would not be unreasonable for the Council to consider utilising this new flexibility to finance severance costs associated with the MTFP process.

123 On that basis to ensure that the Council has this option available it will be recommended that as part of the Council's overall approach to efficiency that it is noted at this stage that capital receipts could be utilised to finance severance costs.

124 If this option is taken up there will be a natural impact upon the financing of the capital programme. In former years the Council has set a target of £10m of capital receipts income to support the capital programme. A target of £10m

is in place for 2016/17 which was included in MTFP (5). It is also recommended at this stage that a £10m sum is included in the 2017/18 capital financing budget.

125 If a decision is made and agreed by Cabinet in the future to utilise capital receipts to finance severance costs then the impact upon the capital financing budget will need to be considered

126 During 2016/17 there may be other opportunities that manifest for the Council to utilise this new capital receipts flexibility to finance service transformation and reform one off costs. If there is a business case in this regard Cabinet approval will be sought and the case in question included in a formal Efficiency Strategy.

Prudential Borrowing

127 In previous years an additional £2m of revenue was provided in the budget to finance Prudential Borrowing to continue the support for new projects within the Capital Programme. High cash balances however have delayed the need for the Council to borrow to the levels and forecast and Interest rates continue to be at historically low levels. On that basis it is forecast that the current budget available for prudential borrowing will be able to absorb the costs associated with the capital bids detailed within this report. A proportion of this budget is being utilised to support the leasing costs of replacement vehicles and plant.

Approval of Additional Capital Schemes

128 A comprehensive 2016/17 capital programme was approved as part of MTFP (5) 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.

129 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 (6) capital programme. Full details of the additional schemes can be found in Appendix 9.

Table 16 – Additional Capital Schemes for 2016/17 and 2017/18

Service Grouping	2016/17	2017/18
	£m	£m
ACE	0	2.100
CAS	1.143	6.778
Neighbourhoods	1.289	20.581
RED	1.949	17.158
Resources	0	3.424
Total	**4.381**	**50.041**

130 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 overleaf:-

(i) **Highways Maintenance (2017/18 - £15.567m)** In line with previous years, a sum in addition to the LTP grant will be invested into highways maintenance. The sum of £5m will be especially important in light of the Government top slicing of LTP grant nationally.

(ii) **Unadopted Highway Maintenance (2017/18 - £1m**) 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 (2017/18 - £1.050m)** 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 Sherburn Road Retail Link Road (2017/18 - £1.8m)** Investment will create a link road to relieve congestion on Dragon Lane and the Dragonville retail area.**(iv)** **Town Centre Master Plans (2017/18 - £1.5m)** This budget will enable continued investment to continue delivery of action plans within the Cabinet approved Town Centre Masterplans.

131 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 17 – New MTFP (6) Capital Programme

Service Grouping	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m
ACE	3.991	3.307	2.244	0	9.542
CAS	40.683	23.105	7.520	0	71.308
Neighbourhoods	40.903	36.511	25.030	4.150	106.594
RED	34.543	63.026	26.942	0	124.511
Resources	11.616	9.026	3.424	0	24.066
TOTAL	**131.736**	**134.975**	**65.160**	**4.150**	**336.021**
Financed by					
Grants and Contributions	52.318	40.452	25.392	0	118.162
Revenue and Reserves	13.167	0.072	0	0	13.239
Capital Receipts	16.631	15.883	17.897	0	50.411
Borrowing	49.620	78.568	21.871	4.150	154.209
TOTAL	**131.736**	**134.975**	**65.160**	**4.150**	**336.021**

Recommendation

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

- **(i) Approve the revised 2015/16 Capital Budget of £131.736m and the 2016/17 Capital Budget of £134.975m.**
- **(ii) Approve the additional capital schemes detailed at Appendix 9. These schemes will be financed from additional capital grants, from capital receipts and from prudential borrowing.**
- **(iii) Note the option for the Council to utilise capital receipts to finance severance costs utilising the new flexibilities in this regard. The utilisation of such flexibility will require the approval of Cabinet**
- **(iv) Approve the MTFP (6) Capital Budget of £336.021m for 2015/16 to 2018/19 detailed in Table 17.**

2016/17 Savings Proposals

Assistant Chief Executive

133 To date spending reductions of just over £4m have been achieved over the course of MTFP (1) – (5). In 2016/17 a further £0.8m is required and in 2017/18 £1m bringing the total amount of savings since 2011 to nearly £6m.

134 The service grouping continues to identify opportunities to work more efficiently whilst providing support to the Council through a period of ongoing and considerable change as well as meeting increasing service demands arising for example from welfare reforms, co-ordinating our approach to migration, information management and freedom of information requests.

135 Since 2011 much of the service grouping's savings have been realised through reduction of management and support services. For 2016/17, whilst further savings will come from these areas including the reduced salary for the new Chief Executive, we are proposing further reductions to AAP budgets of £20,000 to reduce allocations to £100,000 for each AAP and grants to community groups including Durham Community Action and Gay Advice in Durham and Darlington.

136 To mitigate these reductions we will be seeking to maximise other funding that is available to continue to support the priorities identified through the AAPs and those groups affected by the reduction in grants. A further allocation of £10,000 per AAP has been committed for 2016/17 to allow AAPs to implement or continue schemes to help tackle the impact of Welfare Reforms and anti-poverty actions in their area.

137 Even with these reductions these service areas have still had a lower percentage reduction than the overall reduction for the service grouping and the Council as a whole which is in line with the feedback received through the several public consultations undertaken on the MTFP.

138 For 2017/18 a full review of the service grouping is proposed in order to identify the savings required. All service areas will be considered including front line areas such as AAPs.

Children and Adults Services

139 Spending reductions of over £71m have been achieved over the course of MTFP (1) – (5). In 2016/17 additional savings of £17.3m are required together with £20.0m of savings in 2017/18, which will bring the total savings requirement since 2011 up to circa £108m.

140 The service continues to be faced with a significant amount of change both internally and externally including the continuing demographic pressures arising from an ageing population with increasingly complex needs and support requirements, ongoing NHS changes, social care reforms and changes in funding for schools and inspection frameworks.

141 In 2016/17 efficiency savings will be made through a restructure of Adult Care Services to meet the requirements of the Care Act, the delivery of the Looked after Children Reduction Strategy reducing the need for residential care, further improvements to the commissioning of services including transport, reviewing the fostering service and reviewing support services.

142 In addition, the service will be seeking to increase the income received across a number of areas including secure services welfare and step down beds, selling surplus adoptive or foster care places, through the provision of learning and skills to young people and a review of the adult social care charging policy.

143 Some of the 2016/17 proposals that affect frontline services are savings arising from policy changes made in previous years, such as changes to day care provision, plus the continued focus on a consistent and effective use of the existing eligibility criteria. A major transformation programme is currently underway in the Children's Service to reduce the cost and incidence of children being looked after and taken into care.

144 In 2017/18 savings proposals being considered include building on the improvements already made to commissioning by developing a more integrated approach, further savings from efficiencies in the provision of children's care and continued savings from the consistent application of eligibility criteria for social care services to adults. A review of the in-house County Durham Care and Support is also being considered for 2017/18.

145 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 alongside the development of opportunities to work in a more integrated way with external partners.

Neighbourhood Services

146 Spending reductions of £25.3m have been achieved over the course of MTFP (1) - (5) with a further £3.5m required in 2016/17 and £2.9m in 2017/18. Since 2011 the total amount saved by 2017/18 will be £31.7m.

147 Throughout the previous MTFPs, Neighbourhood Services has focused on delivering its savings through more efficient delivery of services and whilst it is continuing to focus on this strategy it is becoming increasingly difficult to avoid changes to front line services that will not result in some impact in local communities.

148 Areas where further efficiency reviews will be carried out in 2016/17 include Fleet Management, Technical Services and Environmental Health. In addition there are further savings associated with rationalising office accommodation and from recycling credits paid to third parties.

149 Proposals for 2016/17 also affect both Leisure Centres and Libraries but the changes proposed will ensure there are no closures of any facilities. The Council is continuing to promote the Durham Ask to explore the potential for services such as Libraries to continue to be provided through the involvement of local organisations and groups, securing their long term future.

150 Areas where there will be changes in services currently offered include relocating the DLI collection, changes to the collection of refuse and recycling, a review of street wardens and reviewing customer services. However all of these proposals relate to changes in how the service is delivered rather than removing the service, for example whilst the number of street wardens is going to reduce the service will continue to be provided seven days a week.

151 For 2017/18 areas being considered include further efficiency reviews and additional savings from the street lighting energy reduction programme.

Regeneration and Economic Development

152 Spending reductions of £20.4m have been achieved over the course of MTFP (1) – (5). In 2016/17 additional savings of £1.1m are required together with £2.2m in 2017/18 resulting in a total reduction since 2011 of £23.7m.

153 During 2015 the in-house housing provider Durham City Homes together with the two ALMOs Dale and Valley Homes and East Durham Homes were transferred to a new social housing company County Durham Housing. This afforded further opportunities to deliver efficiencies within the existing RED structure. In addition, contract and price renegotiations with transport providers have provided further reductions in costs.

154 This, together with further staffing reductions through vacancy management and restructuring activity alongside a further reduction in supplies and services will provide the majority of savings for both 2016/17 and 2017/18.

155 However, some front line service areas will be affected for example the Care Connect team who provide a 24 hour service for vulnerable residents. Whilst the emergency on call service provision will still be provided the costs and nature of the service is being reviewed and will need to change.

156 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 continues to support this area as far as possible by working with a range of interested parties. In 2015 a number of successful capital schemes were established to delivery employment growth. The service works in conjunction with others including the AAPs to support local residents into employment and training.

Resources

157 In line with the views of the public the Council has consistently prioritised higher savings targets from Resources, which has resulted in savings since 2011 of £11.8m. In 2016/17 a further £1.5m reduction is required together with £3.2m in 2017/18. This will mean from 2011 to 2017 reductions totalling £16.5m will have been made.

158 The service grouping are also managing a range of additional savings for 2016/17 from corporate areas and changes in financial policies including a review of business support functions, additional dividends and reductions in fees and charges. These proposals will deliver a further £4.0m of savings for MTFP (6).

159 All areas of the service grouping will be undergoing further reviews and restructuring during 2016/17 and 2017/18 in order to deliver the savings required in these areas.

160 In addition in 2017/18 it is proposed that the front facing revenues and benefits service be reviewed to identify efficiency savings. This will coincide with planned savings in Customer Services in Neighbourhoods. Impact on customers in terms of benefit processing times, invoice payment performance and recovery rates will be carefully balanced and mitigated as far as possible and the service will work closely with colleagues in Customer Services on these changes.

Recommendation

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

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

Equality Impact Assessment of the Medium Term Financial Plan

162 Consideration of equality analysis and impacts is an essential element that members must consider in approving the savings plans at Appendix 4. This section updates members on the outcomes of the equality impact assessment of the MTFP (6) to date, and summarises the potential cumulative impact of the 2016/17 proposals.

163 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.

164 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.

165 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.

166 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.”

167 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.

168 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.

169 The process for identifying and completing impact assessments in relation to the MTFP is consistent with previous years. Services, with support from corporate equalities, 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.

170 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 2016/17 Savings Proposals

171 A total of 35 assessments are available for Members to inform 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.

Equality Impact Assessments by Service Grouping:

Service	EIAs
ACE	3
CAS	15
Neighbourhoods	11
RED	1
Resources	4
Corporate	1
Total	**35**

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

Summary of Equality Impacts of 2016/17 MTFP Proposals

173 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.

174 ACE proposals include a service review with a potential impact on staff, a, proposed reduction in AAP revenue which will be attempted to be mitigated by third party funding, and reduction and withdrawal of grant funding. Specifically, this involves removal of residual budgets relating to

community buildings grant, reduction in grant for Durham Community Action and removal of the remaining grant funding to Gay Advice in Durham and Darlington (GADD). At this stage, prior to completing consultation, none of these proposals are thought to have specific disproportionate impacts on groups with protected characteristics except the GADD reduction which has impacts in relation to sexual orientation, age and gender including transgender. Proposals could be mitigated through third party funding.

175 CAS proposals include potential impacts on age, disability and gender:

(i) Some savings relate to changes from previous years which continue to produce savings in 2016/17. These include consistent and effective use of existing eligibility criteria and changes to management of in house social care provision, which have potential to impact on service users who are older people, women and disabled people. Further efficiencies in relation to management and support services are also proposed, which will impact primarily on staff.

(ii) Some savings proposals have positive impacts for service users: vulnerable children will be better supported through secure services welfare and step down beds which will generate income, and our early help approach for families will allow income to be generated by other Councils using our surplus foster care places. The increased use of the Intermediate Care Plus service will reduce costs for care through more service users regaining independence.

(iii) A further review of in-house day care services has potential impacts on services users, many of whom are older and/or disabled. It was agreed by Cabinet in January that the in-house service refocuses provision to support service users with more complex needs. The needs of other users will be met through the independent sector and community based services. A proposed re-structure of Adult Care Services to meet the requirements of the Care Act will ensure service users continue to receive a high quality service, though there will be staff reductions and changes to job descriptions which would impact on staff. Staff changes would affect a predominantly female workforce but implications for other protected characteristics have been considered to ensure fair treatment of staff throughout this process.

(iv) Review of our charging policy in respect of adult care provision has the potential to affect new service users receiving a Severe Disability Premium (SDP) who could be required to pay up to £22.93 more per week for their social care provision compared to current recipients. As well as having some form of disability, this group of service users is more likely to be female and older. This would bring the Council's policy in terms of the financial assessment of customer in receipt of this benefit in-line with other local authorities, with how disability related expenditure is treated in the financial assessment of other customers and complies with the Government's Care Act Guidance which ensures no-one is asked to pay more than they can afford. This saving is subject to further consultation. The equality impacts of this policy change will be considered as part of this decision making process.

(v) 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. This saving will be subject to further consultation and further Cabinet decision making in Autumn 2016.

(vi) A review of non-assessed services is proposing changes to charging for Care Connect, the Council's community alarm and telecare/healthcare provider which has impacts on older people, particularly women and those with a disability. The review also proposes de-commissioning some Prevention Services for over 50s which has potential impacts for women, older people, those with a disability and Lesbian, Gay, Bisexual and Transgender people; however some of the current demand will be met by Wellbeing for Life and other statutory or VCS provision. The needs of older people will be considered in any future commissioning of preventative services.

(vii) Consultation is underway on proposed changes to non-statutory home to school or college transport which have the potential to affect some children and young people including those aged 16-19 with a medical condition. These changes will apply to new applicants and measures will be put in place to mitigate against the negative impacts.

(viii) The cost of Children's Care will be reduced through the delivery of the Looked After Children Reduction Strategy reducing the need for residential care, which is a positive impact for children. It is also proposed that a small number of young people with a disability access alternative support or provision for short term activity breaks.

176 Neighbourhood Services proposals include potential impacts across all characteristics in relation to staffing whilst there are potential service impacts on age, gender and disability. Specific impacts of savings proposals include;

(i) Staffing reviews are proposed in a number of services including Fleet Management and Grounds Maintenance. These proposals are not thought to have impacts on service delivery. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

(ii) Staffing reviews in other services have various potential service impacts though mitigating actions are also being proposed to lessen the negative effects. For example proposed changes in technical services (to share a Road Safety Manager with Hartlepool BC and remove direct funding for Child Pedestrian Training) could have impacts on children and families, but to mitigate the impacts funding will be sought from alternative sources. A review of refuse and recycling collection rounds may lead to a change in collection arrangements for some households. While the impact of these changes are largely on the workforce, there may also be impacts for householders with a disability. Proposed changes to Environmental Health and Consumer Protection will reduce the number of staff and change some responsibilities, any potential impacts will be mitigated through wherever possible by better use of resources.

(iii) A structural review of Customer Relations and Performance and Planning teams will impact on staff in terms of an overall reduction in numbers and changes to responsibilities. While there are potential impacts to service delivery in these areas the review aims to improve resource planning and provide a better mix of frontline staff.

(iv) Proposed changes to Neighbourhood Protection have the potential to affect groups with protected characteristics, particularly young people. This is due to reducing the number of street wardens, but the service will aim to maintain a seven day-a-week service.

(v) Changes to the DLI collection arrangements, whilst removing the current base, have the potential for positive impacts for visitors, especially those who are elderly and/or with young families because of better public transport access. Other changes include reviewing the contributions made to museums and theatres. The reductions are not thought to have specific disproportional impact on groups with protected characteristics.

(vi) Proposals to reduce the book fund will reduce the number of titles across all categories. This has the potential to impact older and disabled library users who may rely more than other groups on public services provision of special formats such as larger print sizes. However, the mix of future book purchasing will be driven by user demand so no specific library user group should be disproportionately affected by this change.

177 RED, Resources and Corporate proposals relate to further staffing restructures, residual savings as a result of previous staffing restructures and efficiencies from supplies and services. These changes are not thought to impact on service users. Fair treatment of staff will be ensured through agreed corporate HR procedures contained within the Change Management Toolkit.

Impacts of Previous Proposed Savings and Cumulative Impacts of 2016/17 Proposals

178 Carrying out equality impact assessments on MTFP proposals helps us to understand the cumulative impact across a range of savings proposals. Throughout the last five years of austerity, the approach of the Council has been to keep the impact of savings on front line services to a minimum, and this has greatly reduced equalities impacts on those with a protected characteristic. For example our successful transfer to local community groups of leisure centres and community facilities, the ongoing work on the Durham Ask, positive shifts to preventative work in our children's services and increases in income generated are all ways in which Durham County Council is reducing the equalities impacts of Government budget cuts. Where service reductions have been unavoidable, impacts in relation to previous proposals generally related to loss of, or reduced access to, a particular service or venue, travel to alternative provision, increased costs or charges and service re-modelling including reductions in staff. These changes had the potential to affect 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 potential impacts in relation to people with a disability, age and gender.

179 Generally, changes to universal services such as street lighting or bin collection 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 changes to leisure centres. Dedicated services such as social care, day care and home to school transport sometimes have disproportionate impacts for particular groups such as people with a disability and women, particularly those with a caring responsibility, and we have taken steps to monitor the impact and mitigate it where possible.

180 While the specific list of proposed savings in the 2016/17 MTFP are different from previous years the impacts are similar. There are potential impacts for older people, particularly those with a disability receiving social care, although some savings are the result of more older and disabled people living independently which is a positive outcome. Older social care users are also more likely to be female. Children and young people, including some with a disability are potentially affected through changes to home to school transport policy and through a new youth support strategy.

181 There are also potential impacts for community groups with a proposed reduction in grant funding, with specific impacts this year for LBGT groups. However, generally there are limited impacts identified in relation to race, religion or belief, although there is also less data and evidence available to show potential impact on these groups.

182 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 (including finding

funding from other sources), implementing new or improved ways of working, working with partners and providing transition or more flexible arrangements to reduce the initial impact.

183 There are a number of 2016/17 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.

184 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 some particular service areas they are more likely to affect male employees whilst a number of proposals relate to areas with more female employees.

185 Overall, the staffing profile still shows significantly more women employed across the Council so women are inevitably 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.

High Level Summary of Equality Impact of 2017/18 Proposals

186 A list of proposals contributing savings to the 2017/18 MTFP is included as Appendix 4. It is likely that the key service user impacts will relate to age, gender and disability, as for previous years. Many savings areas represent continuing savings from 2016/17, including the ACE service review, CAS application of eligibility criteria, review of care connect charging and review of home to school transport. The equalities impacts are already summarised earlier in the report and supported by impact assessments. Other proposals are at an earlier stage. As these proposals are developed, services, with support from the corporate equalities team, will be asked to identify the level of equalities assessment required. This will mean either a ‘screening’ or ‘full’ equality impact assessment will be developed depending on the extent of impact to support the decision making process.

187 Where proposals are subject to multi-stage decision making, or subject to consultation, the relevant impact assessments will be updated as further information becomes available. Final assessments will be considered in the decision making process.

Key Findings and Next Steps

188 The equality impact assessments are vital in order to understand potential outcomes for protected groups and mitigate these where possible.

189 The main equalities impacts of the 2016/17 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 many cases impact assessments are initial screenings with a full impact assessment to follow at the point of decision, once all necessary stakeholder consultation has been completed.

Recommendations and Reasons

190 **It is recommended that Members:**

(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-making, 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

191 MTFP (1) which covered the period from 2011 to 2015 originally forecast a reduction in posts of 1,950 against a savings target of £123.5m. Since then the savings required to date have grown to over £153m yet through careful planning and forecasting, the actual impact upon workforce numbers has remained around the same level as was originally predicted.

192 Looking ahead, with the significant savings requirements over the next two years there will be further reductions in workforce numbers. For 2016/17 the forecast is a further reduction of approximately 400 posts including the deletion of an anticipated 60 vacant posts.

193 Further detailed planning is underway to identify the forecasted numbers for 2017 to 2020 and, recognising the principles adopted to date in workforce reduction exercises within Service Groupings, the Council will take all possible

steps to avoid compulsory redundancies and minimise the impact upon the workforce in these next stages of change. The continued approach of forward planning, 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 will minimise wherever possible the necessity for compulsory redundancies in the process.

194 In addition, the way that work is organised and jobs are designed will continue to be reviewed by Service Groupings, to ensure that as changes continue to be made, the Council maximises the capacity of remaining workforce through skills development and the introduction of flexibility into the way work is organised, in order to maximise the capability of the remaining workforce.

Pay Policy

195 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.

196 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.

197 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.

198 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.

199 The Pay Policy Statement at Appendix 10 is for Council consideration and outlines the details for the authority for 2016/17, in line with the above requirements.

Recommendations

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

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

Risk Assessment

201 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 (6) period. Some of the key risks identified include:

(i) Ensure the achievement of a balanced budget and financial position across the MTFP (6) 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 Local Government Finance Settlement. The inclusion in this report of an Efficiency Plan should secure a four year RSG settlement from the government. There is still a risk however that a deterioration in the public finances could result in further savings targets for local government in excess of those agreed to date. .

(iv) The localisation of council tax support passed 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 (6).

Recommendation

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

(i) Note the risks to be managed over the MTFP (6) period.

Dedicated Schools Grant (DSG) and School Funding 2016/17

203 The DSG is a specific earmarked grant provided by the Government and provides the major source of funding for schools and support to them. It is notionally split into three 'blocks': Early Years, High Needs and Schools. Local authorities are able to transfer funding between blocks but all funding must be spent on schools and support to them.

204 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 (PVI) sector providers for 570 hours of free early education or childcare a year. A provisional allocation has been provided by the Department for Education (DfE) based on the 2015/16 allocation. The actual 2016/17 allocation will not be announced until the summer, based on the number of eligible children recorded in the January 2016 pupil census. The amount per pupil will be at the same rate as for 2015/16.

205 Funding is also provided through the Early Years Block to provide free early education places for eligible 2 year-olds from lower income households. The allocation is based on participation funding and a provisional allocation has been provided by the DfE based on census data taken in January 2015. The DfE will not announce the initial 2016/17 allocations until July 2016, which will be based on the number of eligible children participating in early education recorded in the January 2016 census. 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.

206 In addition to funding through the EYSFF, the 12 maintained nursery schools also receive funding through a formula. The formula includes a deprivation element, a lump sum and an allowance for rates. The formula funding provided in this way does not apply to nursery units in primary schools and academies or PVI providers. The funding for the 12 maintained nursery schools is topped up with £58,500 of funding transferred to the Early Years funding block from the Schools Block.

207 Early Years Pupil Premium is also funded through the Early Years block and a provisional allocation has been provided by the DfE, again based on the 2015/16 allocations. The 2016/17 allocation will be announced in the summer based on the number of eligible children recorded in the January 2016 pupil census. The rate of £0.53 per hour in 2015/16 continues into 2016/17, which equates to £302.10 for each eligible child taking up the full 570 hours of state funded early education.

208 The High Needs Block provides funding for pupils with high cost Special Educational Needs (SEN), i.e. those pupils requiring provision in specialist settings costing more than £10,000 per year or £6,000 per year of SEN provision for pupils in mainstream primary and secondary schools, and funds:

(i) Specialist placements;

(ii) Place based funding for special schools;

(iii) Top-up funding to reflect additional costs for individual pupil support; and

(iv) SEN support services.

209 The total allocation to the High Needs Block is based on historic allocations. In total £420,000 of High Needs Block funding is transferred to the Schools Block for distribution to primary and secondary schools via the Schools Funding Formula.

210 The Schools Block includes centrally retained DSG funding and provides the principle source of funding for all primary and secondary schools in respect of the education of pupils from Reception to Year 11. Primary and secondary schools receive their funding through a formula. The formula is determined by the Council after consultation with the Schools Forum and schools themselves. The formula must comply with statutory regulation. This regulation limits the discretion of local authorities in determining its formula and requires that at least 80% of funding is distributed through factors related to pupil numbers and needs. The formula set by the Council applies to all schools – maintained, academy and voluntary aided schools. There is no difference in terms of DSG funding provision save for academies receiving their funding allocations on an academic year, whereas maintained schools receive their DSG funding on a financial year basis.

211 For 2016/17 the schools formula is being changed to reduce the lump sum for primary schools from £175,000 per school to £167,500 per school, with a further reduction to £160,000 planned for 2017/18. The £1.65m of funding released will be re-allocated to secondary schools, many of which are struggling to provide a broad and balanced curriculum within current levels of funding levels. Currently, primary schools in County Durham receive a greater share of funding per pupil than the national average and the primary lump sum is significantly above the national average. For 2016/17, secondary school funding will also be increased by the utilisation of £1.65m from central DSG reserves.

212 The total allocation to the Schools Block is based on an amount for each pupil recorded in the October 2015 pupil Census. The amount per pupil is based on historic allocations, but also takes account of relative levels of need between different local authorities. In 2016/17 the DSG funding per pupil is £4,649.17, which is £8.29 more than the 2015/16 rate. The difference

reflects an adjustment for academies that were not previously included in the DSG allocation; the additional funding is offset by the removal of a lump sum allocation included in 2015/16 in respect of these academies.

213 Pupil premium for schools and academies in Durham for 2015/16 is £26.45m. Pupil Premium rates for 2016/17 will remain the same as for 2015/16 and these rates are shown in the table overleaf:

Table 18 –Pupil Premium Rates 2016/17

	Amount per eligible pupil
	£
Deprivation Pupil Premium – Primary	1,320
Deprivation Pupil Premium – Secondary	935
Looked After Children	1,900
Children adopted from care or who have left care	1,900
Service Children	300

214 The numbers of pupils eligible for pupil premium for 2016/17 will be provided by the Education Funding Agency; overall the numbers are likely to be similar to 2015/16, but may vary more widely for individual schools.

215 DSG and Pupil Premium funding for 2016/17 is shown in the table overleaf:-

Table 19 – DSG and Pupil Premium Funding

DSG Block	Amount per pupil	Pupils	DSG Allocated	Additional Funding	Total DSG Allocation
	£/pupil		**£m**	**£m**	**£m**
Early Years Block (3-4 yr olds)	3,866.10	4,494	17.374	-	17.374
Early Years Block (2 yr olds)	4,607.50	960	4.423	-	4.423
Early Years Block (EYPP)			0.553	-	0.553
High Needs Block	-	-	44.311	-	44.311
Schools Block	4,649.17	62,119	288.802	0.090	288.892
Total DSG			**355.463**	**0.090**	**355.553**
Pupil Premium (estimated)				26.450	26.450
TOTAL			**355.463**	**26.540**	**382.003**

216 Primary and secondary formula funding for Academies in County Durham totals £75.140m, based on the Durham formula factors. This funding is recouped by the Education Funding Agency and allocated directly to the individual schools, leaving £280.413 of DSG funding payable to the Council for maintained schools.

217 The Government intends to begin a consultation on school funding in the spring. This is expected to include proposals for revising the allocations of funding, in particular to:

(i) Change to the basis of allocation of High Needs Block funding to reflect relative need rather than historic allocations;

(ii) To move to a national funding formula for primary and secondary schools.

218 A national funding formula for primary and secondary schools is expected to take account of relative needs (e.g. deprivation), which should benefit County Durham. It is not yet clear how much local discretion will be allowed over the new formula arrangements: the national formula could be used to distribute funding to local authorities, which would then have discretion over how this is allocated to schools or the same formula could be applied to all schools across the country. Officers will carefully consider the consultation proposals once they are received and, working with the School Forum, will model impacts and options and advise members in due course.

Recommendation

219 **It is recommended that Members:**

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

Prudential Code

220 This section outlines the Council's prudential indicators for 2016/17 to 2018/19 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.

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

222 The Annual Investment Strategy for 2016/2017 has been amended as follows:

(i) The sovereign rating in respect of the selection criteria for approved counterparties for Non UK Banks 1 has changed from AAA to AA-. This is a recommendation by Capita, the Council's Treasury Management advisor, and is intended so that the Council can fully access the list of recommended banking counterparties. In essence this change provides the Council with greater depth and diversification in respect of the counterparty list, while maintaining the principles of security and liquidity in its application.

(ii) As part of a balanced approach to investment a new Non-specified Investment opportunity has been included to allow the Council to take equity shares in businesses up to a limit of £10m after taking on board due diligence.

Recommendation

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

(i) Agree the Prudential Indications and Limits for 2016/17 – 2018/19 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 2016/17 contained in the Treasury Management Strategy (Appendix 11 including the detailed criteria).

Summary of Recommendations

224 It is recommended that Members:-

(a) 2016/17 Revenue Budget

(i) Approve the identified base budget pressures included in paragraph 84.

(ii) Approve the investments detailed in the report.

(iii) Approve the 2016/17 savings plans detailed in Appendix 4 .

(iv) Approve a 2016/17 3.99% increase in Council Tax.

(v) Approve the 2016/17 Net Budget Requirement of £401.515m.

(b) MTFP (6)

(i) Agree the forecast 2015/16 to 2017/18 MTFP (6) 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 £30m.

(c) Capital Budget

(i) Approve the revised 2015/16 Capital Budget of £131.736m and the 2016/17 Capital Budget of £134.975m

(ii) Approve the additional capital schemes detailed at Appendix 9. These schemes will be financed from additional capital grants, from capital receipts and from prudential borrowing

(iii) Note the option for the Council to utilise capital receipts to finance severance costs utilising the new flexibilities in this regard. The utilisation of such flexibility will require the approval of Cabinet

(iv) Approve the MTFP (6) Capital Budget of £336.021m for 2015/16 to 2018/19 detailed in Table 17.

(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 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.

(f) Pay Policy and Terms and conditions changes

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

(g) Risk Assessment

(i) Note the risks to be managed over the MTFP (6) period.

(h) Dedicated Schools Grant

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

(i) Prudential Code

(i) Agree the Prudential Indications and Limits for 2016/17 – 2018/19 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 2016/17 contained in the Treasury Management Strategy (Appendix 11 including the detailed criteria).

Contact:	**Jeff Garfoot**	**Tel:**	**03000 261946**
	Gordon Elliott	**Tel:**	**03000 263604**
	Jenny Haworth	**Tel:**	**03000 268014**

Appendix 1: Implications

Finance – The report sets out recommendations on the 2016/17 Budget and for the MTFP (6) period 2016/17 – 2019/20.

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 (6) 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 2016/17. It also has a fiduciary duty not to waste public resources.

Appendix 2: SPECIFIC GRANTS

2016/17

SPECIFIC GRANT	2015/16	2016/17	Variance
	£m	£m	£m
Public Health	55.568	51.246	-4.322
Education Services Grant	6.002	5.407	-0.595
Housing Benefit Administration	2.593	2.482	-0.111
Extended Free Rights to Transport	0.999	N/K	N/K
LCTRS Administration	0.874	N/K	N/K
Local Reform and Community	0.380	N/K	N/K
Prisons Social Care - New Burden	0.365	N/K	N/K
Deprivation of Liberty	0.301	N/K	N/K
LCTRS New Burdens	0.121	N/K	N/K
Inshore Fisheries	0.014	N/K	N/K

NOTE

1. The 2015/16 Public Health baseline figure has been increased to reflect the transfer of 0 - 5 years responsibilities from October 2015.
2. The 2015/16 Housing Benefit Admin Grant baseline figure has been reduced to reflect the transfer of the transfer of Fraud responsibilities to the DWP.

Appendix 3:

Durham County Council Efficiency Plan

In order to receive confirmation of a four year settlement, the council must prepare an efficiency plan. The council has a strong track record on planning and performance management, which aims to minimise the numbers of plans and streamline how we manage delivery through effective performance management.

The core of our planning framework is the Sustainable Community Strategy (SCS) which sets out how we work with partners to deliver the long term vision for the county; the council plan which sets out how we will deliver our part of the SCS and how we intend to improve as an organisation. These are then translated into a linked set of service plans for each service grouping. The resourcing requirements of these plans are then set out in the linked Medium Term Financial Plan (MTFP).

Performance management reports are provided to the CDP Board and Cabinet on a quarterly basis. Scrutiny committees drill into these in more detail to ensure that the council delivers against its plan.

Since becoming unitary in 2009, the council has had an absolute focus on efficiency – initially to deliver the savings required through Local Government Review (LGR) and then through the five years of austerity so far.

Analysis of these plans quickly makes it clear that efficiency is at the heart of all our strategic thinking and planning. Some examples are given below:

Examples of efficiency

SCS	Sharing approaches to austerity to avoid cost shunting between agencies. Successful attraction of transformation funding e.g. on early years and community asset transfer to change how we work in collaboration across organisations. Focus on volunteering to support service transformation. Adoption of the Social Value Act to improve commissioning with such businesses and the voluntary sector.
Council Plan	Reduction of spending by £153m up to 31 March 2016, whilst maintaining (or since vesting day on 1 April 2009, improving) key PIs is evidence of increasing efficiency. Our MTFPs have been developed and implemented using robust programme management. The MTFP is in effect an efficiency programme. The council has had a strong track record of rationalising its estate to reduce costs and generate capital receipts where possible. Five previous civic centre sites have been or are in the process of redevelopment. Opportunities to link strategic regeneration e.g. at our Aykley Heads Civic Headquarters site,

	we are currently exploring the option to reduce the footprint of our administrative estate and exploit ICT to work more effectively.

Our complimentary suite of plans: service plans, key strategies, e.g regeneration statement, CYPS etc. in addition to supporting strategies such as those for procurement, ICT, organisational development etc. all contain this strong focus on efficiency.

The approach to developing an efficiency plan in Durham is in itself efficient by not adding to our plans, but simply to point to our existing planning and performance framework which has delivered improved efficiency from the outset.

Appendix 4

Durham County Council Savings Targets for 2016/17 and 2017/18

Total Savings Target per Service Grouping	2016/17	2017/18
Assistant Chief Executive’s	832,314	979,393
Children and Adult Services	17,325,887	20,009,616
Neighbourhood Services	3,488,000	2,897,400
Regeneration and Economic Development Services	1,118,176	2,282,202
Resources	1,493,281	3,215,861
Corporate Services	4,028,352	0
TOTAL	**28,286,010**	**29,384,472**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
ACE 21	AAP revenue reduction	280,000
ACE 22	ACE service review	381,314
ACE 23	Review of grants to external bodies	171,000
	ACE Total Savings	**832,314**

REF	Description	2017/18
		£
ACE 22	ACE service review	979,393
	ACE Total Savings	**979,393**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
CAS01.03	Review of County Durham Care and Support in-house services	235,000
CAS02.01	Eligibility Criteria – Continuation of previous changes to improve effective use of eligibility criteria	3,000,000
CAS03.01	Increased charging income in respect of adult care provision	167,000
CAS05.01	Service review of Policy, Planning & Performance	737,691
CAS05.03	Day Care Review	1,590,000
CAS05.07	Service review within Children's Services	382,712
CAS05.08	Increased use of Intermediate Care Services	725,000
CAS05.15	Review of youth support	250,000
CAS05.16	Review of Education Services	406,472
CAS05.18	Review of County Durham Youth Offending Service	60,000
CAS05.19	Transformational change in Adult Care	1,540,000
CAS05.21	Increased Income Generation	1,170,000
CAS05.22	Transformational change in Children's Services	950,000
CAS05.23	Re-negotiation of contributions to Children's Services providers	250,000
CAS06.01	Review of non-assessed services – including community alarms, commissioning and service level agreements	3,816,996
CAS09.03	Children's Care Efficiencies; Payment for Skills Review	300,000
CAS09.04	Children’s Care Efficiencies: LAC Reduction Strategy	1,505,016
CAS10.0	Review Home to School / College Transport Policies	427,000
CAS11.0	Repayment of Cash Limit Reserve	-187,000
	CAS Total Savings	**17,325,887**

MTFP (6) SAVINGS OPTIONS

REF	Description	2017/18
		£
CAS1	Review of social care provision	6,000,000
CAS2	Eligibility Criteria - Consistent and effective use of existing criteria and reablement	3,575,000
CAS3	Increased charging income in respect of adult care provision	333,000
CAS5	Management and Support Services, staffing structures and service reviews/rationalisation service reviews/rationalisation	6,147,616
CAS6	Review of non-assessed services	1,500,000
CAS9	Review of Children's Care Services	1,340,000
CAS10	Review Home to School / College Transport Policies	295,000
CAS11	Cash Limit	819,000
	CAS Total Savings	**20,009,616**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
NS01.17	Review of resources in Leisure provision	325,000
NS03.74	Review of the Fleet Service	400,000
NS03.75	Efficiencies within catering service	33,000
NS03.87	Review of recycling credits	61,000
NS04.04	Review of support for Grounds Maintenance	150,000
NS05.17	Review of refuse and recycling collections	225,000
NS07.03	Rationalisation of Office Accommodation	723,000
NS11.16	Review of Technical Services	183,000
NS17.11	Increased Income from Building and Design Services	100,000
NS24.06	Review of Museum & Theatre service	402,000
NS25.05	Review of Library Book Fund	150,000
NS32.01	Review of Customer Relations, Policy and Performance	251,000
NS33.03	Review of EHCP	225,000
NS35.01	Review of Neighbourhood Protection	340,000
NS29.02	Adjustment for previous years use of Cash Limit	-80,000
	NS Total Savings	**3,488,000**

REF	Description	2017/18
		£
NS3	Structural Reviews and more efficient ways of working	718,400
NS11	Street Lighting Energy Savings	400,000
NS25	Service Reviews within Neighbourhood Services	1,779,000
	NS Total Savings	**2,897,400**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
RED01	RED service review	400,000
RED12	Review of Contracted Bus Services	400,000
RED14	Review of supplies, services and income across RED	318,176
	RED Total Savings	**1,118,176**

REF	Description	2017/18
		£
RED01	RED service review	1,800,000
RED14	Review of supplies, services and income across RED	482,202
	RED Total Savings	**2,282,202**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
RES07	Review of Human Resources	289,627
RES13	Review of Legal and Democratic Services	289,971
RES15	Review of Finance	407,561
RES16	Review of ICT	413,036
RES21	Review of Internal Audit and Risk	93,086
	RES Total Savings	**1,493,281**

REF	Description	2017/18
		£
RES07	Review of Human Resources	648,422
RES13	Review of Registrars	565,774
RES16	Review of ICT	698,342
RES19	Review of Revenues and Benefits	1,138,708
RES21	Review of Internal Audit and Risk	164,615
	RES Total Savings	**3,215,861**

MTFP (6) SAVINGS OPTIONS

REF	Description	2016/17
		£
COR19	Review of Business Support Functions	1,050,352
COR21	Fleet Review Savings	478,000
COR22	Freemans Reach Rental Income	250,000
COR23	DVLR Dividend	100,000
COR24	Capital Receipts – Income from Sales below £10k	50,000
COR25	Self Financing Capital Schemes	1,130,000
COR26	External Audit Fees	70,000
COR27	Bank Charges	50,000
COR28	Carbon Reduction Commitment	150,000
COR29	Concessionary Fares	300,000
COR30	Reduction in energy costs	200,000
COR31	Reduction in fuel costs	200,000
	Corporate Total Savings	**4,028,352**

Appendix 5
Budget Summary - By Service Grouping

2015/16 Original Budget £000	2015/16 Projected Outturn £000		2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000
		Council Controlled Budgets			
10,163	9,256	Assistant Chief Executive	12,024	2,576	9,448
251,450	252,655	Children and Adults Service	473,685	225,822	247,863
104,236	108,021	Neighbourhood Services	227,856	122,152	105,704
25,459	26,120	Regeneration and Development	67,445	42,188	25,257
15,855	17,033	Resources	73,341	57,059	16,282
4,501	3,902	Corporate Costs	4,399	164	4,235
5,690	2,380	Contingencies	6,194	0	6,194
417,354	**419,367**		**864,944**	**449,961**	**414,983**
		Non Council Controlled Budgets			
0	0	Schools	335,857	333,705	2,152
0	0	Benefits	190,759	190,759	0
0	**0**		**526,616**	**524,464**	**2,152**
417,354	**419,367**	***NET COST OF SERVICES***	**1,391,560**	**974,425**	**417,135**
-48,977	-48,977	Reversal of Capital Charges			-55,478
38,530	45,773	Interest payable and similar charges			37,401
-1,641	-4,132	Interest and investment income			-1,641
		Levies			
16,076	16,076	North East Combined Authority			15,439
415	415	Environment Agency - Flood Defence			426
64	64	North East Inshore Fisheries Conservation Authority			64
421,821	**428,586**	***NET OPERATING EXPENDITURE***			**413,346**
-54,809	-54,809	Business Rates - local share			-54,841
-60,491	-60,491	Top up Grant			-60,996
-100,240	-100,240	Revenue Support Grant			-77,140
-500	-500	Estimated net Surplus on Collection Fund			-2,617
-8,322	-8,323	New Homes Bonus			-10,182
-377	-377	New Homes Bonus - re-imbursement			-267
-4,998	-5,094	Section 31 Grant			-4,267
-6,002	-5,975	Education Services Grant			-5,407
-11,511	-16,230	Use of Earmarked Reserves			-11,621
-437	-3,894	Use of Cash Limit Reserves			-210
0	1,481	Use of General Reserve			0
174,134	**174,134**	***AMOUNT REQUIRED FROM COUNCIL TAX PAYERS***			**185,798**

Appendix 6
Budget Summary - By Expenditure and Income Type

	Original Budget 2015/16	2015/16 Projected Outturn Position	Original Budget 2016/17
	£'000	£'000	£'000
Employees	470,911	479,681	496,890
Premises	50,757	51,136	51,911
Transport	47,915	40,841	41,422
Supplies & Services	111,589	125,827	120,650
Agency & Contracted	307,725	307,345	309,756
Transfer Payments	204,317	202,826	208,831
Central Costs	96,263	97,685	75,253
Direct Revenue Financing	0	125	0
Other	18,603	20,078	25,175
Capital Charges	48,977	48,977	55,478
Contingencies	5,690	2,380	6,194
GROSS EXPENDITURE	1,362,747	1,376,901	1,391,560
Income			
- Specific Grants	580,428	571,943	584,069
- Other Grants & contributions	53,488	72,811	68,748
- Sales	5,966	6,484	8,881
- Fees & charges	104,473	99,678	106,341
- Rents	6,494	7,126	8,787
- Recharges	186,789	189,790	190,682
- Other	7,755	9,702	6,917
Total Income	945,393	957,534	974,425
NET COST OF SERVICES	417,354	419,367	417,135
Capital charges	-48,977	-48,977	-55,478
Interest and Investment income	-1,641	-4,132	-1,641
Interest payable and similar charges	38,530	45,773	37,401
Levies			
North East Combined Authority	16,076	16,076	15,439
Environment Agency - Flood Defence	415	415	426
North East Inshore Fisheries Conservation Authority	64	64	64
Net Operating Expenditure	421,821	428,586	413,346
Less:			
Use of Reserves:			
Earmarked Reserves	-11,511	-16,230	-11,621
Cash Limit	-437	-3,894	-210
General	0	1,481	0
Net Budget Requirement	**409,873**	**409,943**	**401,515**
Financed by:-			
Business Rates - local share	-54,809	-54,809	-54,841
Top up Grant	-60,491	-60,491	-60,996
Revenue Support Grant	-100,240	-100,240	-77,140
Amount required from council tax payers	-174,134	-174,134	-185,798
Estimated Net Surplus on Collection Fund	-500	-500	-2,617
New Homes Bonus	-8,322	-8,323	-10,182
New Homes Bonus - re-imbursement	-377	-377	-267
Section 31 Grant	-4,998	-5,094	-4,267
Education Services Grant	-6,002	-5,975	-5,407
Total Financing	**-409,873**	**-409,943**	**-401,515**

APPENDIX 7 : Medium Term Financial Plan - MTFP (6) 2016/17 - 2019/20 Model

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Government Funding				
Government RSG Funding Reduction	23,210	21,140	14,140	14,240
Reduction in Public Health Grant	4,322	1,263	1,363	1,363
Reduction in Education Services Grant	595	1,000	1,000	1,000
Reduction in Benefit Admin Grant	200	400	400	400
Town and Parish Council RSG Adjustment	-131	-190	-173	-90
Business Rates - RPI increase (0.8%/1.5%/2%/2%)	-438	-820	-1,110	-1,130
Top Up Grant - RPI increase (0.8%/1.5%/2%/2%)	-504	-930	-1,270	-1,300
Better Care Fund	0	-2,400	-11,000	-9,700
Other Funding Sources				
Council Tax Increase (1.99% per annum)	-3,556	-3,675	-3,800	-3,900
Council Tax Adult Social Care Precept (2% increase)	-3,574	-3,695	-3,820	-3,920
New Homes Bonus - Reduction from 2017/18 onwards	-1,860	2,000	2,000	2,000
Council Tax/Business Rate Tax Base net increase	-3,400	-750	0	0
Bus. Rates 2014/15 Collection Fund Surplus - Adjustment	500	0	0	0
NHS Funding - Social Care Transformation	-4,432	0	0	0
Estimated Variance in Resource Base	**10,932**	**13,343**	**-2,270**	**-1,037**
Pay inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,300	3,200	3,100	3,000
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	2,500	2,400	2,300	2,200
Corporate Risk Contingency Budget	-3,000	0	0	0
Base Budget Pressures				
Employer Nat. Insurance increase - State Pension changes	4,500	0	0	0
Costs Associated with National Living Wage	4,000	6,000	6,000	6,600
Single Status Implementation	4,537	0	0	0
Additional Employer Pension Contributions	900	5,000	1,000	1,000
Employee Increments	2,581	0	0	0
Energy Price Increases	0	500	500	500
Concessionary Fares	0	100	100	100
Pension Fund Auto Enrolment	100	550	550	0
Climate Change Levy - Impact upon Landfill income	200	0	0	0
Apprentice Levy	0	1,200	0	0
Care Act Grant - Transferred into RSG	1,100	0	0	0
Local Lead Flood Grant - Transferred into RSG	47	0	0	0
CAS Demographic and Hyper Inflationary Pressures	1,000	2,500	1,500	1,500
Use of Earmarked Reserve in CAS	4,150	0	0	0
Prudential Borrowing to fund new Capital Projects	0	2,000	2,000	2,000
TOTAL PRESSURES	**25,915**	**23,450**	**17,050**	**16,900**
SUM REQUIRED TO BALANCE BUDGET	**36,847**	**36,793**	**14,780**	**15,863**
Savings Plans	-28,286	-29,384	-1,851	-918
Savings to be Identified	0	0	-24,577	-14,945
Public Health Savings	-4,322	0	0	0
Previous Years Shortfall	0	1,622	11,648	0
Utilisation of Collection Fund Surplus	-2,617	2,617	0	0
Utilisation of Budget Support Reserve	-1,622	-11,648	0	0
TOTAL SAVINGS REQUIRED	**-36,847**	**-36,793**	**-14,780**	**-15,863**

Appendix 8:
Durham County Council Current Capital Programme - 2015/16 To 2018/19

Service Grouping	Scheme	2015/16	2016/17	2017/18	2018/19
ACE	Members Neighbourhood Fund	2,804,637	1,764,000	-	-
ACE	Community Buildings	776,539	694,303	143,910	-
ACE	AAP Capital Budgets	409,221	336,000	-	-
ACE	Community Facilities in Crook	-	513,007	-	-
ACE Total		**3,990,397**	**3,307,310**	**143,910**	**-**
RES	Civica Pension Fund Administration System	170,150	-	-	-
RES	Applications and Development	25,000	-	-	-
RES	Broadband / Digital Durham	8,761,200	6,216,261	-	-
RES	Code of Connection Compliance	10,000	10,000	-	-
RES	Corporate Mail Fulfilment	66,811	-	-	-
RES	Homeworking	120,000	80,000	-	-
RES	Learning Gateway	73,894	-	-	-
RES	Sharepoint Architecture	50,000	-	-	-
RES	Tanfield Power Upgrade	-	250,000	-	-
RES	Archiving of obsolete systems based on non supported hardware.	-	200,000	-	-
RES	Replacement of Desktop ICT Equipment	1,008,148	1,250,000	-	-
RES	Dark Fibre installations and Circuit/Microwave Upgrades	450,524	-	-	-
RES	Ongoing Server replacement	200,956	155,000	-	-
RES	Tanfield Datacentre Core Swiching Replacement	63,790	-	-	-
RES	Tanfield Datacentre LAN Switching Replacement	265,427	200,000	-	-
RES	Mobile Device Management	165,000	195,000	-	-
RES	Wireless Network Replacement	125,000	125,000	-	-
RES	Email Upgrade	-	155,000	-	-
RES	Big Data	20,000	130,000	-	-
RES	RES Electronic Voting Equipment	40,000	60,000	-	-
RES Total		**11,615,900**	**9,026,261**	**-**	**-**
RED	Town centres	2,463,464	4,494,710	2,135,930	-

Service Grouping	Scheme	2015/16	2016/17	2017/18	2018/19
RED	Industrial Estates	560,300	11,476,315	1,000,000	-
RED	Barnard Castle Vision	364,035	142,059	-	-
RED	Office Accommodation	66,077	2,317,897	-	-
RED	Gypsy Travellers	26,745	660,873	-	-
RED	Eastgate	-	150,000	360,830	-
RED	Durhamgate	285,305	35,000	-	-
RED	North Dock Seaham	754,057	250,000	329,558	-
RED	DFG/FAP	3,530,617	3,520,000	2,092,250	-
RED	Housing Renewal	1,897,621	1,560,430	491,648	-
RED	Minor (ED&H)	672,094	33,000	225,817	-
RED	Chapter Homes	1,500,000	2,000,000	600,000	-
RED	Capitalised Structural Maintenance	6,527,381	8,320,591	28,775	-
RED	Renew Tech	714,530	3,235,177	-	-
RED	WCTC	-	750,000	-	-
RED	Minor (P&A)	265,093	35,000	-	-
RED	Minor (SPP)	243,936	348,543	250,000	-
RED	LTP	3,233,465	2,789,000	-	-
RED	Transit 15	104,029	-	-	-
RED	Trans Major	9,810,466	18,923,463	2,269,164	-
RED	Transport Corridors	1,215,335	-	-	-
RED	CCTV	92,950	-	-	-
RED	Minor (T&CS)	215,424	34,580	-	-
RED Total		**34,542,924**	**61,076,638**	**9,783,972**	**-**
NEI	Outdoor Play Areas and Parks	2,742,868	661,926	70,403	-
NEI	Leisure Centre Maintenance	369,980	305,296	-	-
NEI	Culture and Museums	188,467	-	-	-
NEI	AAP Schemes - Sport and Leisure	79,110	2,000	-	-
NEI	Newton Aycliffe Library / Library Modernisation	156,142	950,483	-	-
NEI	Waste Transfer Stations / Leachate Control	2,895,223	7,435,714	-	-
NEI	Stanley CAP	1,480,282	550,000		

Service Grouping	Scheme	2015/16	2016/17	2017/18	2018/19
NEI	CRM System	767,640	943,380	288,980	-
NEI	Vehicle and Plant Replacement	3,273,772	-	-	-
NEI	Waste Infrastructure Capital - Refuse Collection	-	87,616	-	-
NEI	Fleet Management System / Live Track System	187,696	-	-	-
NEI	Street Scene	652,045	163,196	-	-
NEI	AAP Schemes - Direct Services	39,085	-	-	-
NEI	Highways Maintenance	25,131,627	24,122,157	4,089,588	4,149,588
NEI	Highways Bridges Maintenance	2,348,083	-	-	-
NEI	Wolsingham Depot	591,341	-	-	-
NEI Total		**40,903,361**	**35,221,768**	**4,448,971**	**4,149,588**
CAS	LD Provider Services	60,119	-	-	-
CAS	Planning & Service Strategy	132,201	101,000	314,962	-
CAS	PFI	60,195	-	-	-
CAS	BSF	13,240,044	5,528,002	-	-
CAS	Support For Childs Homes	53,635	-	-	-
CAS	CAS AAP Scheme	4,017	-	-	-
CAS	Increased Provision for Two Year Olds	408,000	-	-	-
CAS	Public Health	-	784,000	-	-
CAS	Drugs Commissioning DACT	35,656	72,000	-	-
CAS	Drug & Alcohol Premises Upgrade	200,000	500,000	-	-
CAS	School Devolved Capital	4,532,288	-	-	-
CAS	DFE School Capital Inc Basic Need	19,703,622	14,673,624	426,558	-
CAS	DSG Structural Maintenance	431,860	238,000	-	-
CAS	School Modernisation	607,487	-	-	-
CAS	PSBP - Additional Works Not Covered by EFA	200,000	-	-	-
CAS	Free School Meals Support	214,068	65,608	-	-
CAS	Secure Services	798,843	-	-	-
		40,682,035	**21,962,234**	**741,520**	**-**
		131,734,617	**130,594,211**	**15,118,373**	**4,149,588**

Appendix 9

Durham County Council Additions to the 2016/17 - 2017/18 MTFP Capital Programme

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
			£	£	£
ACE	**Members Neighbourhood Budget**	In order to fulfil their roles as community champions and to work in partnership with AAPs to address local priorities in their communities, elected members each had an original allocation of £10,000 capital per annum. This was also matched with a revenue allocation of £10,000 per annum leaving a total annual allocation per member of £20,000. A base adjustment has been previously made for £4,000 of the revenue allocation to be transferred to capital, leaving a capital allocation of £14,000 for each member.	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 has a total funding allocation of £100,000 for local projects and investments. of this sum £24,000 is in relation to capial investment.	0	336,000	336,000
		ACE Sub Total	**0**	**2,100,000**	**2,100,000**
CAS	**Devolved Capital**	This capital grant is allocated to individual schools to invest in school infrastruture.	1,378,000	1,378,000	2,756,000
CAS	**DFE Capital Maintenance**	This capital grant paid by the DfE to local authorities is allocated and determined by school condition and weighted pupil numbers and should be used to ensure that the council addresses the poor condition of the existing school estate and increasingly to provide resources for additional pupil places in areas of demographic growth. The allocation for 2016/17 is £235k less than the sum included in MTFP (5)	**-235,000**	5,400,000	5,165,000
		CAS Sub Total	**1,143,000**	**6,778,000**	**7,921,000**

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
NEI	**Department for Transport (DfT) - 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	10,567,000	10,567,000
NEI	**Adopted Highway Maintenance**	DfT 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. The approved bid for 2016/17 is £3,500,000. The 2017/18 bid has been uplifted by £750,000 to £4,250,000 to compensate for the expected fall in the LTP budget of £329,000 in 2017/18 and to allow for inflation. This will maintain the combined LTP and DCC adopted highway maintenance budget constant in real terms. This bid also incorporates the re-allocation of the former LAMA budget.	0	5,000,000	5,000,000
NEI	**Unadopted Highway Maintenance**	Durham County Council owns 42km of unadopted carriageway and 202km of unadopted footway together with other associated assets (gullies, kerbs, markings etc). Funding has previously been approved in 2015/16 and 2016/17 to bring unadpopted highway up to adoptable standard. An additional amount of £1,000,000 is requested to continue the process of eradicating unadopted highways.	0	1,000,000	1,000,000
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. The bid for 2017/18 maintains the budget at the same level as 2016/17. Progress reports on these schemes will be brought to MOWG on a regular basis.	0	1,050,000	1,050,000
NEI	**Street Lighting Column Replacement**	The Council has an inventory of 67,527 street lighting columns of which 10,010 currently exceed their service life of 40 years. There is a pressing need to supplement the street lighting LTP capital budget to enable the replacement of 1,625 columns per annum going forward on a risk based approach at a total cost of £2,112,500 per annum. The estimated street lighting LTP capital budget in 2017/18 is £359,000. Therefore, the bid is for the balance required to replace 1,625 columns which is £1,753,500.	0	1,754,000	1,754,000

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
NEI	**Durham City Centre Conservation Area Refurbishment Project**	This bid is for a 4 year programme to refurbish the public realm of Durham City Centre Conservation Area that is in poor condition including: - North Road - Old Elvet Bridge - North & South Bailey - Claypath The schemes are all prestige areas that require high specification materials that cannot be funded from existing budgets. Areas that require standard materials will continue to be maintained from existing budgets. This programme has been developed in conjunction with RED's Economic Development & Housing. The works will be planned around forthcoming developments with RED to maximise developer contributions to the works.	800,000	800,000	1,600,000
NEI	**Fixed Play Sites**	The Council has been developing a framework for the fair distribution of fixed play sites, this has identified a number of settlements which do not have the minimum offer of fixed play. A funding strategy is to be developed, including the use of match funding , to create or enhance these sites.	260,000	260,000	520,000
NEI	**DLI Relocation of Collection & Durham City Art Gallery**	This investment will support the MTFP (6) saving to reduce costs in caring for and displaying the DLI collection. The solution identified with full support of the DLI Trustees (who own the collection) is to display a smaller section of the collection working in partnership with others. This process will begin with a five year initial exhibition at Palace Green Library in partnership with Durham University including a series of annual temporary exhibitions to support the stories. The medal collection will also accompany this initial loan. All medals will be available on demand. Education support services will be retained around these exhibitions. The base location of the collection when it is not on display or loan will be Sevenhills, Spennymoor, where the special care work and research on the collection will take place. Moving from the DLI Museum builing will also result in the loss of the Art Gallery space. However, the programing budget has been retained and the intention is to work towards a permanent space, but in the meantime the intention is to maximize the use of other spaces in the city and countywide. The capital investment will ensure that the required fit out for the required buildings can be completed.	229,000	150,000	379,000
		NEI Sub Total	**1,289,000**	**20,581,000**	**21,870,000**
RED	**Local Transport Plan (LTP) - Integrated Transport**	Local Transport Plan - Transport Improvements - The Third Local Transport Plan was introduced in 2011. There were two funding block allocations from the DfT- Integrated Transport and Maintenance Funding. From 2015/2016 onwards the Integrated Transport element will be given to the Combined Authority to distribute to the local authorities in line with DfT indicative allocations. Although the DfT has increased the overall national budget for the Integrated Transport Block, a portion of this has been allocated to the Single Growth Fund, which has subsequently led to a reduction in the direct ITB allocation for both the Combined Authority and DCC. In addition, £100,000 of the allocation will be retained by the Combined Authority towards regional initiatives.	0	2,689,000	2,689,000
RED	**Structural Capitalised Maintenance**	Capitalised Maintenance - Continuing programme of planned work, alterations and adaptations to reduce the backlog maintenance of the Councils non-schools property portfolio and to meet obligations under relevant legislation such as the Equalities Act and Fire Safety Orders.	0	5,000,000	5,000,000

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
RED	**Aykley Heads Project Development**	Aykley Heads has around 6.8ha of developable area for business and employment. The site is currently a successful business and employment location, providing a home to over 30 businesses in a range of professional and scientific sectors, business support organisations such as the North East Chamber of Commerce and has recently attracted the accounting firm Mazars, the NHS and Atom Bank. The capital allocation will identify and procure a delivery model, establish associated costs and undertake site preparation works including footpath, lighting, initial highway works and environmental improvements to allow the site to be brought forward for development.	0	250,000	250,000
RED	**Office Accommodation Programme (OAP2)**	One of the key objectives of OAP2 is to progress further rationalisation of office accommodation and improve space utilisation. This is predicated on maximising the existing council estate and with this in mind a review of OA has been conducted. At this time further work on utilisation of the strategic sites is underway which will lead to a costing exercise.	1,250,000	1,250,000	2,500,000
RED	**Business Development**	To make available a capital budget to enable the development of incubator business units to support and incentivise the development of small and medium size enterprises. This investment is clearly in line with the councils top prioty to support regeneration and economic development with a clear focus upon both job creation and job protection.	100,000	400,000	500,000
RED	**Durham City Riverside Improvements**	Proposals to implement essential access linkages and adjacent improvements to the environment between and around Freemans Reach and Milburngate House development sites. A capital allocation is required to contribute to the design and construction of improvements to pedestrian and cycling movements in the area including options to improve across the River Wear. Estimated total costs total costs could be in the region of £4m. This allocation could lever in match funding including regional transport funds and Section 106 contributions from adjacent developments.	0	250,000	250,000
RED	**Bishop Auckland - Market Place Enhancement Works**	Auckland Castle Trust now have planning consents in place to develop the heritage attraction. It is anticipated that there will be 200,000 visitors per annum visiting the attraction. There is a need to ensure that both pedestrians and vehicles can safely access and use the space in the Market Place. There is a need to make improvements to the public realm on the entrance to the Market Place from Durham Road and to provide a safe road crossing between the Market Place and Auckland Castle. Works include repairing and resurfacing sections of highway, repairing paving and forming 2 new raised road crossings.	0	250,000	250,000
RED	**Disabled Facilities Grant - DCLG**	Disabled Facilities Grant is a mandatory grant which provides significant support to the most vulnerable client groups across County Durham. Adaptations enable clients to remain within their own homes 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 identified 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% and for those 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 longer at home.	349,000	3,319,000	3,668,000
RED	**Financial Assistance Policy (FAP)**	Tackling the existence of Category 1 Hazards under the Housing Health and Safety Rating System (HHSRS) within private sector housing stock and ensuring the current statutory minimum standard for housing is achieved in order to meet the Decent Homes Standard.	0	200,000	200,000

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
RED	**Empty Homes Loans**	The Empty Homes loan is available to help meet the cost of improvements or repairs to bring the long term empty private sector property back into use for both private sector landlords and those purchasing to use as their principal residence. Loans from 2015/2016 will be recycled over a 5 year period. The 2015/2016 budget is fully committed and beyond this there is a waiting list of 83 homes which if supported (with the maximum loan) would require funding up to £1.245M.	250,000	250,000	500,000
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 whist helping to address exiting congestion and air pollution issues. An allocation of £200,000 was approved for 2016/2017 to commence development work and this request is the balance of the estimated funding required.	0	1,800,000	1,800,000
RED	**Town Centre Masterplan Priorites**	Continued investment to deliver priorities identified in Town Centre Masterplans. During the period 2010/2011 to 2014/2015, £8M of the Town Centres budget has been spent across the County's Town Centres on improvements to the public realm; a countywide Targeted Buildings Improvement (TBI) scheme and key regeneration projects in a number of the Towns. These works have included the renewal of the public realm in Bishop Auckland Market Place, Consett, Stanley, and Seaham. The budget has also provided support to businesses across the county in terms of the TBI scheme which has refurbished or brought back into use over 170 retail properties. The Town Centre programme has levered in significant private sector investment (in excess of £2.5M) to support and create new businesses and employment opportunities. The budget has also provided support to enable sites to be brought forward for development e.g. acquisitions at North East Industrial Estate in Peterlee and partnership arrangements at Seaham Colliery with the HCA as well as the King James School building with the South Durham Enterprise AgencyThe current approved Town Centres programme has been established to support the projects identified in the 12 Regeneration Masterplans. In particular, the programme is supporting the delivery of additional car parking at North Bondgate to provide capacity for the expected increase of visitors to Bishop Auckland following the opening of the attractions at Auckland Castle, support for the acquisition programme at North East Industrial Estate and Railway Street in Seaham and improvements to the public realm in Consett Town Centre. A new project within the current programme is to help regenerate North Road in Durham City through public realm improvements and TBI's. The programme also continues to provide support to the TBI scheme across the County. The new Town Centre programme will continue to deliver a range of public realm improvements; TBI schemes; and provide funding for individual regeneration projects across the County Towns.	0	1,500,000	1,500,000
		RED Sub Total	**1,949,000**	**17,158,000**	**19,107,000**

SERVICE	SCHEME	BACKGROUND	2016/17	2017/18	TOTAL
RES	**Accommodation Project - ICT Bid**	This investment will promote and accelerate changes towards new ways of working for the Council's workforce, utilising emerging technologies, linked to plans for office accommodation changes over the next 10 years. The imperative behind any actions to create a more flexible workforce and workplace.	0	831,000	831,000
RES	**Replacement desktop program**	If, within this context service transformation is to be realised, the Council now has the opportunity to link existing strategies and action plans to promote and accelerate changes towards new ways of working for the Council's workforce, utilising emerging technologies, linked to plans for office accommodation changes over the next 10 years.	0	1,000,000	1,000,000
RES	**Vulnerability Scanning Solution**	It is imperative to vulnerability scan the entire network. One laptop that is configured to do this work and it can take days to scan our servers and network kit as well as the PCs/laptops. The council will purchase a solution that will allow this to be done in hours and not days and weeks.	0	100,000	100,000
RES	**Logging Replacement**	The council has a Logging solution that when we bought it was licensed for three years. This is a statutory requirement for decurity compliance. This is a central repository of the logging data that we are required to collect for compliance requirements	0	90,000	90,000
RES	**Datacentre Refresh**	The datacentres require investment to ensure that they support the infrastructure of the Council. This is linked to three key systems, the Computer Room Air Conditioning(CRAC), Uninterruptable Power Supply (UPS) , and Fire Suppression. CRAC - The computer rooms must be continually cooled. The current primary cooling system (Eco-Cooling) cannot maintain operation in certain weather conditions (humidity at the ends of the ranges), and requires CRAC as a backup. All of the these key systems are nearing the end of their economic life and require replacement.	0	661,200	661,200
RES	**Server Replacement**	This is the ongoing server replacement bid which replaces the server hardware on a rolling programme of renewal. This ensures that the servers are up to date and within warranty and is the main ICT hardware for all corporate systems within the Council.	0	100,000	100,000
RES	**New Storage Platform for Tanfield datacentre**	The original parts of the current storage platform will soon be 5 years old. We intended to purchase new storage for Tanfield, move critical systems onto this then remove the 5 year parts of the current storage and retain those elements which are less than 5 years old.	0	330,000	330,000
RES	**Wide Area Network (WAN) Capacity Upgrade and Remodelling**	The Council's Core Wide Area Network(WAN) was specified in 2011 and more than exceeded the required functionality for the last 4 years, it was designed as a 1G bandwidth partially resilient network. The Wide Area Network interconnects all nodes (buildings, exchanges) enabling ICT service provision across the estate. It has enabled significant growth of online services for the Council over this period such as Telephony, Datacentre Services, Email, Finance Systems, Internet Access, File sharing, all ICT systems are now provided over the WAN. Analysis shows the reliance on these services is set to grow continually as cloud services and remote working are more greatly utilised. The WAN requires capital investment to be able to support the growth of existing and new online services. OFCOM govern the prices of fibre provision within the Telecommunications market and recent changes in Openreach pricing structures mean that with capital investment a new design is possible which will increase the core capacity and resilience of the WAN but can remain with current revenue budget.	0	312,000	312,000
		RES Sub Total	**0**	**3,424,200**	**3,424,200**
		TOTAL	**4,381,000**	**50,041,200**	**54,422,200**

Appendix 10

Durham County Council Pay Policy Statement 2016/17

1 Introduction

This policy outlines the key principles of Durham County Council's (DCC) pay policy for 2016/17 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 February 2015 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

The policy in relation to Chief Officers relates to the posts of Chief Executive, Assistant Chief Executive, four Corporate Directors, Director of Public Health and the Head of Legal and Democratic Services (who undertakes the Monitoring Officer Role for the Authority).

3 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.

4 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.

5 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	185,000	0
Assistant Chief Executive	120,000	0
Corporate Directors	140,000	0
Director of Public Health	103,848	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; £110,000, 96,900 and £75,500

The Corporate Management Team and Heads of Service pay levels were actually assessed in 2008 in preparation for the new authority by external assessors and the levels over £100,000 have not been increased since that time. Heads of Service on less than £100,000 were given a 1% increase similar to other NJC for Local Government Services employees. Following the retirement of the previous Chief Executive, the salary of this post was reviewed and set at £185,000.

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 posts 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.

6 The Authority’s Policy on the Remuneration of its Lowest Paid Workers

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.

Following the implementation in 1 January 2015 of the ‘Durham Living Wage’ the lowest paid workers from 1 April 2016 will receive the minimum of Spinal Column Point 10 (£7.89 per hour) for all Durham County Council employees (subject to the NJC 2016/17 Pay Award being accepted). This equates to workers (outside of apprenticeship schemes) remunerated in Durham on a minimum full time equivalent annual rate of pay of £15,238 (excluding allowances). This is the Council's definition of 'lowest paid workers'.

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

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 £1.4bn 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 12:1, against figures published by Government of an expectation to always be below 20:1 in local government.

In addition, during 2016/17 the employer will contribute 13.8% of pensionable pay to the pension fund for all employees in the Local Government Pension Scheme.

8 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.

9 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.

10 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.

11 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.

12 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

Appendix 11

Durham County Council Annual Treasury Management Strategy 2016/17

Summary

In accordance with statutory guidance and the Council's Financial Procedure rules, this report presents the proposed Treasury Management Strategy for 2016/17, 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 2016/17
   - Annual Investment Strategy 2016/17
   - Prudential Indicators 2015/2019
   - Minimum Revenue Provision Policy 2016/17

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 2016/17

This report covers the following issues in respect of 2016/17:

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. Minimum Revenue Provision (MRP) Policy
ix. 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 2015, with comparators for 31 March 2015 and a forecast position for 31 March 2016:

	31-Mar-15 (£m)	Average Rate (%)	31-Dec-15 (£m)	Average Rate (%)	31-Mar-16 (£m)	Average Rate (%)
Borrowing	457.375	4.46	245.629	4.05	245.623	4.05
Investments	149.962	0.71	208.151	0.76	150.000	0.76
Net Debt	307.413		37.478		95.623	

Borrowing has fallen by £212m in 2015/16 as a result of debt attributable to the HRA being repaid as part of the housing stock transfer.

Investment levels are forecast to remain broadly the same at the end of March 2016 as they were at March 2015.

ii. Capital Financing Plans

Housing Revenue Account (HRA)

As a result of the housing stock transfer on 13 April 2015, the figures shown in the tables in respect of the HRA contained in this report will be for 2014/15 and 2015/16 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	**2014/15 Actual**	**2015/16 Estimate**	**2016/17 Estimate**	**2017/18 Estimate**	**2018/19 Estimate**
	£m	**£m**	**£m**	**£m**	**£m**
Non-HRA	119.386	138.929	140.994	72.863	8.424
HRA	42.826	-	-	-	-
Total	**162.212**	**138.929**	**140.994**	**72.863**	**8.424**
Financed by:					
Capital receipts	12.976	16.631	15.883	17.897	-
Capital grants and contributions	82.858	52.318	40.452	25.392	-
Revenue and reserves	21.581	13.167	0.072	-	-
Net financing need for the year	**44.797**	**56.813**	**84.587**	**29.574**	**8.424**

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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
Capital Financing Requirement					
CFR – non housing	392.459	432.094	498.063	506.604	493.418
CFR - housing	244.000	-	-	-	-
Total CFR	**636.459**	**432.094**	**498.063**	**506.604**	**493.418**
Movement in CFR	**29.199**	**-204.365**	**65.969**	**8.541**	**-13.186**
Movement in CFR represented by					
Net financing need for the year (above)	44.797	56.813	84.587	29.574	8.424
HRA non-dwelling impairment	0.132	-	-	-	-
Housing Stock Transfer	-	-244.000	-	-	-
Less MRP/VRP and other financing movements	-15.730	-17.178	-18.618	-21.033	-21.610
Movement in CFR	**29.199**	**-204.365**	**65.969**	**8.541**	**-13.186**

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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	%	%	%	%	%
Non-HRA	6.16	7.33	7.97	9.13	9.57

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.

	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£	£	£	£
Council tax - band D	0.00	0.80	5.47	4.50

1.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2015, with forward projections are summarised below. 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.

	2014/15 Actual	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m	£m
External Debt					
Debt at 1 April	436.833	457.375	245.623	260.609	285.594
Expected change in Debt	20.542	-211.752	14.986	24.985	14.984
Other long-term liabilities (OLTL)	49.685	48.164	50.604	51.106	52.464
Expected change in OLTL	-1.521	2.440	0.502	1.358	-2.461
Actual gross debt at 31 March	**505.539**	**296.227**	**311.715**	**338.058**	**350.581**
The Capital Financing Requirement	**636.459**	**432.094**	**498.063**	**506.604**	**493.418**
Under / (over) borrowing	**130.920**	**135.867**	**186.348**	**168.546**	**142.837**

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 2016/17 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 5 Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing.

Operational Boundary	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m
Borrowing	382.000	447.000	454.000	443.000
Other long term liabilities	51.000	52.000	53.000	51.000
Total	433.000	499.000	507.000	494.000

Prudential Indicator 6 Authorised Limit for external borrowing - this further key prudential indicator represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003.

This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised limit	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£m	£m	£m	£m
Borrowing	432.000	497.000	504.000	493.000
Other long term liabilities	54.000	55.000	56.000	54.000
Total	486.000	552.000	560.000	547.000

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:

	2016/17	2017/18	2018/19
Interest rate Exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity Structure of fixed interest rate borrowing 2016/17			
		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 2016	0.50	2.00	3.40	3.20
Jun 2016	0.50	2.10	3.40	3.20
Sep 2016	0.50	2.20	3.50	3.30
Dec 2016	0.75	2.30	3.60	3.40
Mar 2017	0.75	2.40	3.70	3.50
Jun 2017	1.00	2.50	3.70	3.60
Sep 2017	1.00	2.60	3.80	3.70
Dec 2017	1.25	2.70	3.90	3.80
Mar 2018	1.25	2.80	4.00	3.90
Jun 2018	1.50	2.90	4.00	3.90
Sep 2018	1.50	3.00	4.10	4.00
Dec 2018	1.75	3.10	4.10	4.00
Mar 2019	1.75	3.20	4.10	4.00

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to

+0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 – 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

The Inflation Report was also notably subdued in respect of the forecasts for inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but a second, more recent round of falls in fuel prices will now delay a significant tick up in inflation from around zero: this is now expected to get back to around 1% in the second half of 2016 and not get to near 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate.

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 has prepared the way for the Fed. to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

In the Eurozone (EZ), the European Central Bank (ECB) announced a massive €1.1 trillion programme of quantitative easing (QE) in January 2015 to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, this lacklustre progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen this programme of QE by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

- Greece. During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully with EU demands. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. However, huge damage has been done to the Greek banking system and economy by the resistance of the Syriza Government, elected in January, to EU demands. The surprise general election in September gave the Syriza government a mandate to stay in power to implement austerity measures. However, there are major doubts as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro may only have been delayed by this latest bailout.

- Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing reform-focused pro-austerity mainstream political parties have lost power. A left wing / communist coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

- Investment returns are likely to remain relatively low during 2016/17 and beyond;

- Borrowing interest rates have been highly volatile during 2015 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenominally low levels during 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.

v. 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 2016/17 treasury operations. The Corporate Director Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

vi. 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.

vii. 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.

viii. 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.

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.
- Equity shareholding in businesses of not more than £10m as part of a balanced approach to investment after taking on board due diligence.

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 - £250k
- 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:

1 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	AA-	AA-	AA-
Short Term	F1	P1	A-1
Long Term	A-	A3	A-

(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	6 months
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

v. MRP Policy Statement

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

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

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

- **Based on CFR** – MRP will be based on the CFR (Option 2);
- From 1 April 2008 for all unsupported borrowing (including PFI and Finance Leases) the MRP policy will be:
- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations (Option 3)

ix. Policy on use of External Advisers

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

- Technical support on treasury matters, capital finance issues and the drafting of Member reports
- Economic and interest rate analysis

- Debt services which includes advice on the timing of borrowing
- Debt rescheduling advice surrounding the existing portfolio
- Generic investment advice on interest rates, timing and investment instruments
- Credit ratings/market information service comprising the three main credit rating agencies

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

Minimum Revenue Provision (MRP)
Statutory charge to the revenue account as an annual provision for the repayment of debt associated with expenditure incurred on capital assets.

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

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

Net Revenue Stream
This is the element of a local authority’s budget to be met from government grants and local taxpayers.

Non-specified Investments
These are any investments which do not meet the Specified Investment criteria.

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

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

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

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

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

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

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

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

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 (ie 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.

County Council

24 February 2016

Report under Section 25 of the Local Government Act 2003
Medium Term Financial Plan 2016/17 to 2019/20 and Revenue and Capital Budget 2016/17
Council Tax Setting in Order to Meet the County Council's Council Tax Requirement for 2016/17

Key Decision Number Corp/R/15/02

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 advise Council that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting have been delayed due to the late notification of the final Local Government Finance Settlement. The reports are expected to be made available by 18 February 2016.

Background

2 On 13 January 2016 Cabinet received an update report on MTFP (6) and the 2016/17 Budget. The report provided information on the provisional local government finance settlement. The report also identified however that the final local government settlement was not expected until the end of January or possibly early February 2016.

3 In addition, the report identified that, at that point, the Council was awaiting further confirmation on our revenue specific grant allocations including Public Health and the Better Care Fund. All of our specific capital grant allocations were also still awaited at that time.

4 The final Local Government Finance Settlement was published on 8 February and it was therefore not possible to prepare the required budget

report as planned for 10 February Cabinet therefore a Special Cabinet Meeting was arranged for 17 February.

5 On this basis the release of papers to County Council needed to be delayed until Cabinet have recommended a budget to County Council for approval.

6 The Section 25 Report and the Council Tax Setting Report are dependent on the MTFP 6 and 2016/17 Revenue and Capital Budget Report being ready, therefore all three reports for County Council will be circulated and published by 18 February 2016.

Recommendations and reasons

7 That County Council note that the reports relating to the requirement under Section 25 of the Local Government Act 2003, the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) and Revenue and Capital Budget 2016/17 and in relation to Council Tax Setting will be circulated by 18 February 2016.

Contact: Jeff Garfoot Head of Corporate Finance Tel: 03000 261 846

Appendix 1: Implications

Finance -
To be addressed as appropriate in the detailed report

Staffing –
To be addressed as appropriate in the detailed report

Risk –
To be addressed as appropriate in the detailed report

Equality and Diversity/ Public Sector Equality Duty -
To be addressed as appropriate in the detailed report

Accommodation –
To be addressed as appropriate in the detailed report

Crime and Disorder –
To be addressed as appropriate in the detailed report

Human Rights –
To be addressed as appropriate in the detailed report

Consultation –
To be addressed as appropriate in the detailed report

Procurement –
To be addressed as appropriate in the detailed report

Disability Issues –
To be addressed as appropriate in the detailed report

Legal Implications –
To be addressed as appropriate in the detailed report

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County Council

24 February 2016

Council Tax Setting in Order to Meet the County Council's Council Tax Requirement for 2016/17

Report of Cabinet
Councillor Simon Henig, Leader of the Council

Purpose of the Report

1 To provide Council Members with financial information and financial forecasts to enable the Council to calculate and set the Council Tax for 2016/17.

Council Tax Levels

2 The Local Government Finance Act 1992 and subsequent amendments ('The Act') requires the Council to set its Council Tax before 11 March 2016.

3 The Localism Act 2011 and the Local Audit and Accountability Act 2014 have made significant changes to the Local Government Finance Act 1992, and now require the Council as 'billing authority' to calculate its 'council tax' requirement for the year.

4 In setting the Council Tax, the Council is required to make certain calculations and to approve a number of resolutions in accordance with the Act and the detailed calculations are set out in Appendices 2 to 5.

5 The recommended basic Council Tax at Band D for the Council is £1,387.67. This represents an increase of 3.99% in 2016/17 and includes an Adult Social Care precept of 2% in line with Government guidance to cover the rising costs of Adult Social Care services to vulnerable adults. The Council Tax at Band D including the Fire and Police precepts is £1,649.38.

6 County Durham and Darlington Fire and Rescue Authority set a Band D Council Tax of £95.76 at its meeting on 11 February 2016.

7 The Durham Police and Crime Commissioner is recommending to set a Band D Council Tax of £165.95 at its meeting on 24 February 2016.

8 There will also be an additional Council Tax in any parished area where a precept has been served on the council as billing authority, and in the former City of Durham District Council area an additional sum for the Charter Trustees for the City of Durham.

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

Estimated Collection Fund Surplus / Deficit for 2015/16

10 The Council also has to determine the estimated surplus or deficit on its Collection Fund as at 31 March 2016 and transfer the surplus or deficit to the General Fund and to include it in the calculation of the Council Tax for the forthcoming year.

11 The estimated Collection Fund balance is a surplus of £7,031,000 for 2015/16 and is available for use in 2016/17. This is based on the forecasted collectable debit and collection performance across the County.

12 The estimated surplus is shared between the Council, County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner in proportion to the 2015/16 demands/precepts. The £7,031,000 will be distributed as follows and the amounts have been communicated to the Fire and Rescue Authority and the Police and Crime Commissioner:

	2016/17 £
Durham County Council	5,896,000
County Durham and Darlington Fire and Rescue Authority	416,000
Durham Police and Crime Commissioner	719,000
Total	**7,031,000**

Council Tax Calculations

Basic Council Tax for 2016/17

13 The Council's Cabinet set its Council Tax base at 133,892.4 Band 'D' equivalent properties at its meeting on 18 November 2015 along with the tax bases for all the Town and Parish Councils. These are shown at Appendix 3.

14 The Act requires a Council Tax to be set for each value category of dwelling based on property prices as at 1991 upon a range of values between Band A and Band H for its area, where Band A equates to values below £40,000 and Band H equates to values above £360,000. The Council Tax bands and the ratio of each band is as follows:

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

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

16 60% of the council tax payers in County Durham live in Band A value properties and the proposed Band A Council Tax for County Durham is £925.11 which equates to an increase of 68 pence per week.

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

17 The Town and Parish Council Precepts for 2016/17 are detailed in Appendix 3 and total £11,512,796.29. The precepts when compared to 2015/16 show an increase in the average Band D Council Tax for Town and Parish Councils of 2.68% and results in an average Band D Council Tax figure of £113.01 for 2016/17.

18 The calculation of the additional tax for areas where parish precepts apply is based on the precepts submitted by each parish council and divided by the tax base approved at the Cabinet meeting on 18 November 2015 for their respective areas.

19 Separate arrangements are needed for the Charter Trustees for the City of Durham because the precept will apply across the whole of the area covered by the former City of Durham District Council. A precept of £46,788.00 has been levied and this is also shown in Appendix 3. This equates to a council tax at Band D of £1.90 and will be paid in addition to the County Council's Council Tax by those taxpayers living in the former City of Durham District Council area.

County Durham and Darlington Fire and Rescue Authority

20 County Durham and Darlington Fire and Rescue Authority is a separate body responsible for its own financial affairs. It approved a 1.915% increase in Council Tax for 2016/17 and this was confirmed on 11 February 2016. This will result in a Band D Council Tax of £95.76.

Durham Police and Crime Commissioner

21 Durham Police and Crime Commissioner is a separate body responsible for its own financial affairs. It is recommending a 1.98% increase in Council Tax for 2016/17 and this is due to be confirmed on 24 February 2016. This will result in a Band D Council Tax of £165.95.

Conclusions

22 The recommendations of the Council for council tax setting purposes are set out in the formal Council Tax Resolution below in paragraph 26.

23 If the formal Council Tax Resolution is approved, the total Band D Council Tax, excluding Parish Councils and the Charter Trustees for the City of Durham will be as follows:

	2015/16 £	2016/17 £	Increase/ Decrease (-) %
Durham County Council	1,334.43	1,360.98	1.99
Durham County Council – Adult Social Care	0.00	26.69	2.00
County Durham and Darlington Fire and Rescue Authority	93.96	95.76	1.915
Durham Police and Crime Commissioner	162.73	165.95	1.98
Total	**1,591.12**	**1,649.38**	**3.66**

24 Durham County Council's Council Tax and the Parish and Town Council precepts including the Charter Trustees for the City of Durham for each band of property is shown in Appendix 4.

25 The total Council Tax for each of the parish areas and the remaining area of the County is calculated by adding the charges for the Billing Authority to those of the Fire and Rescue Authority and Durham Police and Crime Commissioner. The overall council tax for each category of dwelling in each parish area and the remaining areas where there are no parish precepts is set out in Appendix 5.

Council Tax Calculations - Recommendations

26 The Council is recommended to:

(a) Note that on 18 November 2015 the Cabinet calculated the Council Tax Base 2016/17.

i) for the whole Council area as 133,892.4 band D equivalent properties [Item T in the formula in Section 31B of the Local Government Finance Act 1992 (as amended) and

ii) for dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix 3.

(b) Agree that the Council Tax Requirement for the Council's own purposes for 2016/17 (excluding Parish precepts and the Charter Trustees for the City of Durham) is £185,798,467.

(c) Agree the following amounts in accordance with Sections 30 to 36 of the Act:

i) being the aggregate of the gross expenditure which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils is £1,210,243,286.

ii) being the aggregate of the gross income which the Council estimates for the items set out in Section 31A(3) of the Act is £1,012,932,023.

iii) being the amount by which the aggregate at (c) i) above exceeds the aggregate at (c) ii) above in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act) is £197,311,263.

iv) being the amount at (c) iii) above (Item R), all divided by Item T ((a) i) above), in accordance with Section 31B of the Act as the basic amount of its Council Tax at Band D for the year (including Parish precepts is £1,473.66.

v) being the aggregate amount of all special items referred to in Section 34 (1) of the Act: (total of all Parish precepts including Charter Trustees) is £11,512,796.

vi) being the amount at (c) iv) above less the result given by dividing the amount at (c) v) above by Item T ((a) i) above), in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax at Band D for the year for dwellings in those parts of its area to which no Parish precept relates is £1,387.67.

(d) That Members note that for 2016/17 County Durham and Darlington Fire and Rescue Authority has recommended the following amounts will be in the precept issued to the County Council, in accordance with Section 40 of the Act, as shown in the table below:

COUNTY DURHAM AND DARLINGTON FIRE AND RESCUE AUTHORITY

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
63.84	74.48	85.12	95.76	117.04	138.32	159.60	191.52

(e) That Members note that for 2016/17 Durham Police and Crime Commissioner has recommended that the following amounts will be in the precept issued to the County Council, in accordance with Section 40 of the Act, as shown in the table below:

DURHAM POLICE AND CRIME COMMISSIONER

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
110.63	129.07	147.51	165.95	202.83	239.71	276.58	331.90

(f) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992 (as amended), hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2016/17 for each part of its area and for each of the categories of dwellings.

DURHAM COUNTY COUNCIL

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
907.32	1,058.54	1,209.76	1,360.98	1,663.42	1,965.86	2,268.30	2,721.96

DURHAM COUNTY COUNCIL – ADULT SOCIAL CARE

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
17.79	20.76	23.72	26.69	32.62	38.55	44.48	53.38

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

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76

(g) The Council has determined that its relevant basic amount of Council Tax for 2016/17 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992 (as amended) and that the increase in Council Tax is not excessive in accordance with the principles approved under Section 52ZC Local Government Finance Act 1992 (as amended).

(h) As the billing authority, the Council has not been notified by County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner, as major precepting authorities, that their relevant basic amount of Council Tax for 2016/17 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992 (as amended).

(i) The County Council, in accordance with Section 11A (3) of the Act sets a 0% discount for Second and Empty Furnished Homes.

(j) The County Council, in accordance with Section 11A (4A) of the Act sets a 0% discount for dwellings defined in Classes C or D.

(k) The County Council, in accordance with Section 11B (1b) of the Act sets a 150% premium for Long Term Empty Homes for 2015/16.

(l) That the Chief Executive be instructed to publish a notice in accordance with Section 38 (2) of the Act, relating to the amounts of council tax set.

(m) That the Chief Executive be instructed to publish a notice in accordance with Section 11A (6) and 11B (6) of the Act, relating to the discount set.

Background Papers

(a) Cabinet – 18 November 2015 – Council Tax Base 2016/17 and Forecast Surplus on the Council Tax Collection Fund as at 31 March 2016.

Contact: Ian Herberson Tel: 03000 261861

Appendix 1: Implications

Finance – The report sets out recommendations for setting the council tax for 2016/17.

Staffing -

None.

Risk –

None.

Equality and Diversity / Public Sector Equality Duty –

None.

Accommodation –

None.

Crime and Disorder -

None.

Human Rights -

None.

Consultation -

None.

Procurement –

None.

Disability Issues –

None.

Legal Implications –

None.

Appendix 2: Calculation of the Council Tax Requirement for Durham County Council and the Parish and Town Councils for 2016/17

	£
County Council's Net Expenditure	378,775,058
Less:	
Revenue Support Grant	77,140,043
Business Rates-Local Share	54,841,172
Top Up Grant	60,995,376
Council Tax Requirement	**185,798,467**
Parish and Town Council Precepts	11,512,796
Council Tax Requirement (Including Parishes)	**197,311,263**

Appendix 3: Schedule of Council Tax by Parish and Town Council within Durham County Council 2016/17

	2015/16			2016/17			
(1)	Tax Base (2) No.	Precepts (3) £	Council Tax Band D (4) £	Tax Base (5) No.	Precepts (6) £	Council Tax Band D (7) £	Council Tax Increase (8) %
Barforth	35.8	NIL	0.00	31.6	NIL	0.00	0.00%
Barnard Castle	1,721.8	155,582.00	90.36	1,758.3	171,734.00	97.67	8.09%
Barningham	82.2	800.00	9.73	81.1	1,700.00	20.96	115.42%
Bearpark	518.5	12,991.00	25.05	531.5	13,571.00	25.53	1.92%
Belmont	2,797.7	72,277.50	25.83	2,812.4	74,196.75	26.38	2.13%
Bishop Auckland	3,930.8	149,471.00	38.03	4,027.8	160,411.00	39.83	4.73%
Bishop Middleham	408.6	47,921.00	117.28	404.7	47,463.00	117.28	0.00%
Bolam	43.0	NIL	0.00	44.3	NIL	0.00	0.00%
Bournmoor	580.7	12,000.00	20.66	582.3	11,857.00	20.36	-1.45%
Boldron	51.0	343.00	6.73	50.3	325.00	6.46	-4.01%
Bowes	165.5	4,017.00	24.27	167.7	4,070.00	24.27	0.00%
Bradbury	59.4	1,384.66	23.31	59.5	1,484.66	24.95	7.04%
Brancepeth	219.2	14,484.74	66.08	220.3	16,000.00	72.63	9.91%
Brandon and Byshottles	4,608.1	149,760.00	32.50	4,713.6	163,290.00	34.64	6.58%
Burnhope	377.9	5,100.00	13.50	386.3	5,215.00	13.50	0.00%
Cassop-cum-Quarrington	1,405.6	33,807.00	24.05	1,450.0	35,569.00	24.53	2.00%
Castle Eden	304.8	9,000.00	29.53	306.0	9,036.00	29.53	0.00%
Chilton	880.6	173,319.00	196.82	942.4	188,471.00	199.99	1.61%
Cleatlam	38.6	NIL	0.00	40.9	NIL	0.00	0.00%
Cockfield	377.3	15,732.00	41.70	392.2	16,519.00	42.12	1.01%
Cornforth	576.3	81,253.00	140.99	586.9	80,363.00	136.93	-2.88%
Cornsay	243.4	12,694.00	52.15	261.3	14,034.00	53.71	2.99%
Cotherstone	257.4	6,144.00	23.87	270.7	6,644.00	24.54	2.81%
Coxhoe	1,215.4	76,680.00	63.09	1,256.3	86,647.00	68.97	9.32%
Croxdale and Hett	283.3	9,428.23	33.28	292.2	9,500.00	32.51	-2.31%
Dalton-le-Dale	477.3	13,170.00	27.59	480.7	13,428.00	27.93	1.23%
Dene Valley	707.9	11,829.00	16.71	731.9	12,230.00	16.71	0.00%
Easington Colliery	1,101.0	287,897.15	261.49	1,138.1	293,655.09	258.02	-1.33%
Easington Village	682.6	114,744.00	168.10	691.5	117,983.00	170.62	1.50%
Edmondsley	139.3	4,965.00	35.64	145.6	5,189.00	35.64	0.00%
Eggleston	185.0	6,153.10	33.26	189.2	6,792.73	35.90	7.94%
Eldon	80.6	9,314.00	115.56	87.8	10,138.00	115.47	-0.08%
Esh	1,306.5	76,229.56	58.35	1,335.6	77,754.15	58.22	-0.22%
Etherley	645.8	20,388.00	31.57	664.9	20,991.00	31.57	0.00%
Evenwood and Barony	664.3	20,448.00	30.78	678.6	63,284.00	93.26	202.99%
Ferryhill	2,205.0	469,590.00	212.97	2,271.9	493,050.00	217.02	1.90%
Fishburn	610.4	68,330.00	111.94	612.4	69,924.00	114.18	2.00%
Forest and Frith	55.1	0.00	0.00	56.7	0.00	0.00	0.00%
Framwellgate Moor	1,646.3	41,125.00	24.98	1,712.0	43,194.00	25.23	1.00%
Gainford and Langton	485.9	36,590.00	75.30	492.7	37,100.00	75.30	0.00%
Gilmonby	15.1	NIL	0.00	14.7	NIL	0.00	0.00%
Great Aycliffe	6,321.7	1,348,550.00	213.32	6,486.1	1,411,150.00	217.57	1.99%
Great Lumley	1,027.0	19,266.00	18.76	1,033.1	20,350.00	19.70	5.01%
Greater Willington	1,638.7	84,018.00	51.27	1,677.8	87,732.16	52.29	1.99%
Greencroft	81.6	3,140.05	38.48	83.0	3,202.85	38.59	0.29%
Hamsterley	180.8	3,200.00	17.70	181.7	3,000.00	16.51	-6.72%
Haswell	440.7	68,399.00	155.21	449.8	69,813.00	155.21	0.00%
Hawthorn	197.8	6,824.00	34.50	198.3	7,792.00	39.29	13.88%
Headlam	20.2	NIL	0.00	21.4	NIL	0.00	0.00%
Healeyfield	498.3	8,590.69	17.24	505.4	9,102.25	18.01	4.47%
Hedleyhope	56.9	3,888.00	68.33	57.5	4,518.35	78.58	15.00%
Hilton	20.7	NIL	0.00	19.3	NIL	0.00	0.00%
Holwick	38.7	NIL	0.00	38.9	NIL	0.00	0.00%
Hope	6.9	NIL	0.00	7.9	NIL	0.00	0.00%
Horden	1,570.5	381,174.00	242.71	1,666.2	424,421.00	254.72	4.95%
Hunderthwaite	48.7	NIL	0.00	52.9	NIL	0.00	0.00%
Hutton Henry	397.3	40,000.00	100.68	402.1	45,000.00	111.91	11.15%
Hutton Magna	49.5	502.42	10.15	47.3	480.00	10.15	0.00%
Ingleton	177.1	4,409.79	24.90	183.5	4,570.00	24.90	0.00%
Kelloe	305.2	9,220.09	30.21	318.0	9,607.00	30.21	0.00%
Kimblesworth and Plawsworth	431.6	9,219.00	21.36	459.9	9,823.50	21.36	0.00%
Lanchester	1,428.4	53,185.00	37.23	1,463.4	55,844.00	38.16	2.50%
Langleydale	24.9	NIL	0.00	23.4	NIL	0.00	0.00%
Lartington	63.5	1,275.00	20.08	61.2	1,290.00	21.08	4.98%
Little Lumley	467.2	7,150.00	15.30	483.3	7,347.00	15.20	-0.65%
Lunedale	42.8	200.00	4.67	42.4	200.00	4.72	1.07%
Lynesack and Softley	390.7	8,567.00	21.93	397.0	8,706.00	21.93	0.00%
Marwood	205.7	2,432.50	11.83	241.5	3,040.00	12.59	6.42%
Mickleton	173.0	4,024.00	23.26	173.6	4,038.00	23.26	0.00%

	2015/16			2016/17			
(1)	Tax Base (2) No.	Precepts (3) £	Council Tax Band D (4) £	Tax Base (5) No.	Precepts (6) £	Council Tax Band D (7) £	Council Tax Increase (8) %
Middleton-in-Teesdale and Newbiggin-in-Teesdale	479.0	14,391.00	30.04	483.7	15,257.00	31.54	4.99%
Middridge	117.7	6,320.49	53.70	116.5	6,443.62	55.31	3.00%
Monk Hesleden	1,385.2	239,930.00	173.21	1,419.8	250,822.00	176.66	1.99%
Mordon	112.8	1,497.00	13.27	114.1	1,514.00	13.27	0.00%
Morton Tinmouth	4.9	NIL	0.00	4.9	NIL	0.00	0.00%
Muggleswick	43.9	1,200.00	27.33	44.1	1,200.00	27.21	-0.44%
Murton	1,695.7	279,000.00	164.53	1,720.7	283,000.00	164.47	-0.04%
North Lodge	898.0	17,376.30	19.35	897.2	19,271.86	21.48	11.01%
Ouston	805.4	21,915.00	27.21	819.1	22,288.00	27.21	0.00%
Ovington	68.0	1,436.00	21.12	67.2	1,968.50	29.29	38.68%
Pelton	1,432.0	146,691.00	102.44	1,511.8	155,640.00	102.95	0.50%
Peterlee	4,127.0	1,229,336.00	297.88	4,245.4	1,251,968.00	294.90	-1.00%
Pittington	458.4	23,000.00	50.17	462.2	23,000.00	49.76	-0.82%
Raby with Keverstone	32.9	NIL	0.00	33.4	NIL	0.00	0.00%
Rokeby, Brignall and Eggleston Abbey	70.0	1,702.40	24.32	70.7	1,702.00	24.07	-1.03%
Romaldkirk	91.0	2,061.00	22.65	93.2	2,111.00	22.65	0.00%
Sacriston	1,241.1	50,661.70	40.82	1,268.9	51,796.50	40.82	0.00%
Satley	120.7	3,290.00	27.26	119.3	2,977.50	24.96	-8.44%
Scargill	13.6	NIL	0.00	13.6	NIL	0.00	0.00%
Seaham	4,356.8	973,004.00	223.33	4,474.9	1,019,382.00	227.80	2.00%
Seaton with Slingley	408.1	11,729.00	28.74	413.7	11,758.00	28.42	-1.11%
Sedgefield	1,818.1	236,083.10	129.85	1,825.8	243,165.59	133.18	2.56%
Shadforth	527.3	12,032.00	22.82	543.4	12,177.00	22.41	-1.80%
Sherburn	835.3	20,498.26	24.54	845.4	20,746.12	24.54	0.00%
Shildon	2,001.3	500,650.00	250.16	2,124.3	541,510.00	254.91	1.90%
Shincliffe	720.1	15,300.00	21.25	718.2	16,300.00	22.70	6.82%
Shotton	905.7	92,291.00	101.90	989.3	101,458.00	102.56	0.65%
South Bedburn	78.8	750.00	9.52	77.1	750.00	9.73	2.21%
South Hetton	670.0	89,538.00	133.64	676.2	90,367.00	133.64	0.00%
Spennymoor	5,307.8	1,105,800.00	208.33	5,544.4	1,155,065.00	208.33	0.00%
Staindrop	441.1	14,324.00	32.47	451.1	15,789.00	35.00	7.79%
Stainton and Streatlam	154.4	4,689.00	30.37	155.9	5,209.00	33.41	10.01%
Stanhope	1,589.7	39,949.00	25.13	1,621.8	45,000.00	27.75	10.43%
Stanley Town Council	7,167.2	631,565.00	88.12	7,397.0	664,858.00	89.88	2.00%
Startforth	348.9	12,500.00	35.83	346.6	12,750.00	36.79	2.68%
Thornley	568.2	133,197.00	234.42	599.4	143,305.00	239.08	1.99%
Tow Law	452.0	32,223.53	71.29	472.8	33,834.71	71.56	0.38%
Trimdon	1,066.3	148,844.00	139.59	1,086.8	151,706.00	139.59	0.00%
Trimdon Foundry	333.3	57,471.00	172.43	339.6	58,557.00	172.43	0.00%
Urpeth	1,029.5	32,000.00	31.08	1,035.1	33,000.00	31.88	2.57%
Wackerfield	19.7	NIL	0.00	20.5	NIL	0.00	0.00%
Waldridge	1,445.9	30,104.00	20.82	1,458.7	30,370.00	20.82	0.00%
West Auckland	549.7	17,222.00	31.33	576.9	19,805.00	34.33	9.58%
West Rainton and Leamside	663.5	25,160.00	37.92	674.6	25,581.00	37.92	0.00%
Wheatley Hill	594.0	98,018.00	165.01	620.5	98,927.00	159.43	-3.38%
Whorlton and Westwick	112.7	4,620.70	41.00	114.3	5,486.40	48.00	17.07%
Windlestone	111.2	2,600.00	23.38	115.3	3,500.00	30.36	29.85%
Wingate	969.9	129,831.00	133.86	983.1	131,598.00	133.86	0.00%
Winston	200.6	4,500.00	22.43	201.4	5,000.00	24.83	10.70%
Witton Gilbert	728.2	27,506.00	37.77	742.1	65,486.00	88.24	133.62%
Witton le Wear	285.7	5,600.00	19.60	285.5	5,600.00	19.61	0.05%
Wolsingham	950.0	31,867.00	33.54	962.5	31,866.00	33.11	-1.28%
Woodland	75.1	1,242.00	16.54	79.1	1,301.00	16.45	-0.54%
Wycliffe-with-Thorpe	44.7	NIL	0.00	43.5	NIL	0.00	0.00%
Durham City Charter Trustees	0.0	45,948.46	1.90	0.0	46,788.00	1.90	0.00%
Total/Average (Excluding Unparished Areas)	**99,225.2**	**10,920,661.42**	**110.06**	**101,873.4**	**11,512,796.29**	**113.01**	**2.68%**
Reconciliation - Unparished Areas							
Stanley Unparished	11,815.6	0.00	0.00	12,127.7	0.00	0.00	0.00%
CLS Unparished	5,427.9	0.00	0.00	5,519.9	0.00	0.00	0.00%
Durham City Unparished	7,251.7	0.00	0.00	7,333.0	0.00	0.00	0.00%
Easington Unparished	56.3	0.00	0.00	57.7	0.00	0.00	0.00%
Wear Valley Unparished	6,716.3	0.00	0.00	6,980.7	0.00	0.00	0.00%
Total / Average (All Areas)	**130,493.0**	**10,920,661.42**	**83.69**	**133,892.4**	**11,512,796.29**	**85.99**	**2.75%**

Appendix 4: Durham County Council's Council Tax including Parish and Town Council Precepts including the Charter Trustees for the City of Durham for each Property Band in each Parished Area for 2016/17

	Council Tax Bands							
Parish	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Barnard Castle	990.23	1,155.26	1,320.30	1,485.34	1,815.42	2,145.49	2,475.57	2,970.68
Barningham	939.09	1,095.60	1,252.12	1,408.63	1,721.66	2,034.69	2,347.72	2,817.26
Bearpark*	943.40	1,100.63	1,257.87	1,415.10	1,729.57	2,044.03	2,358.50	2,830.20
Belmont*	943.97	1,101.29	1,258.62	1,415.95	1,730.61	2,045.26	2,359.92	2,831.90
Bishop Auckland	951.67	1,110.28	1,268.89	1,427.50	1,744.72	2,061.94	2,379.17	2,855.00
Bishop Middleham	1,003.30	1,170.52	1,337.73	1,504.95	1,839.38	2,173.82	2,508.25	3,009.90
Bolam	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Bournmoor	938.69	1,095.13	1,251.58	1,408.03	1,720.93	2,033.82	2,346.72	2,816.06
Boldron	929.42	1,084.32	1,239.23	1,394.13	1,703.94	2,013.74	2,323.55	2,788.26
Bowes	941.29	1,098.18	1,255.06	1,411.94	1,725.70	2,039.47	2,353.23	2,823.88
Bradbury	941.75	1,098.70	1,255.66	1,412.62	1,726.54	2,040.45	2,354.37	2,825.24
Brancepeth*	974.80	1,137.27	1,299.73	1,462.20	1,787.13	2,112.07	2,437.00	2,924.40
Brandon & Byshottles*	949.47	1,107.72	1,265.96	1,424.21	1,740.70	2,057.19	2,373.68	2,848.42
Burnhope	934.11	1,089.80	1,245.48	1,401.17	1,712.54	2,023.91	2,335.28	2,802.34
Cassop-cum-Quarrington*	942.73	1,099.86	1,256.98	1,414.10	1,728.34	2,042.59	2,356.83	2,828.20
Castle Eden	944.80	1,102.27	1,259.73	1,417.20	1,732.13	2,047.07	2,362.00	2,834.40
Chilton	1,058.44	1,234.85	1,411.25	1,587.66	1,940.47	2,293.29	2,646.10	3,175.32
Cleatlam	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Cockfield	953.19	1,112.06	1,270.92	1,429.79	1,747.52	2,065.25	2,382.98	2,859.58
Cornforth	1,016.40	1,185.80	1,355.20	1,524.60	1,863.40	2,202.20	2,541.00	3,049.20
Cornsay	960.92	1,121.07	1,281.23	1,441.38	1,761.69	2,081.99	2,402.30	2,882.76
Cotherstone	941.47	1,098.39	1,255.30	1,412.21	1,726.03	2,039.86	2,353.68	2,824.42
Coxhoe*	972.36	1,134.42	1,296.48	1,458.54	1,782.66	2,106.78	2,430.90	2,917.08

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	948.05	1,106.06	1,264.07	1,422.08	1,738.10	2,054.12	2,370.13	2,844.16
Dalton-le-Dale	943.73	1,101.02	1,258.31	1,415.60	1,730.18	2,044.76	2,359.33	2,831.20
Dene Valley	936.25	1,092.30	1,248.34	1,404.38	1,716.46	2,028.55	2,340.63	2,808.76
Easington Colliery	1,097.13	1,279.98	1,462.84	1,645.69	2,011.40	2,377.11	2,742.82	3,291.38
Easington Village	1,038.86	1,212.00	1,385.15	1,558.29	1,904.58	2,250.86	2,597.15	3,116.58
Edmondsley	948.87	1,107.02	1,265.16	1,423.31	1,739.60	2,055.89	2,372.18	2,846.62
Eggleston	949.05	1,107.22	1,265.40	1,423.57	1,739.92	2,056.27	2,372.62	2,847.14
Eldon	1,002.09	1,169.11	1,336.12	1,503.14	1,837.17	2,171.20	2,505.23	3,006.28
Esh	963.93	1,124.58	1,285.24	1,445.89	1,767.20	2,088.51	2,409.82	2,891.78
Etherley	946.16	1,103.85	1,261.55	1,419.24	1,734.63	2,050.01	2,365.40	2,838.48
Evenwood and Barony	987.29	1,151.83	1,316.38	1,480.93	1,810.03	2,139.12	2,468.22	2,961.86
Ferryhill	1,069.79	1,248.09	1,426.39	1,604.69	1,961.29	2,317.89	2,674.48	3,209.38
Fishburn	1,001.23	1,168.11	1,334.98	1,501.85	1,835.59	2,169.34	2,503.08	3,003.70
Forest and Frith	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Framwellgate Moor*	943.20	1,100.40	1,257.60	1,414.80	1,729.20	2,043.60	2,358.00	2,829.60
Gainford and Langton	975.31	1,137.87	1,300.42	1,462.97	1,788.07	2,113.18	2,438.28	2,925.94
Gilmonby	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Great Aycliffe	1,070.16	1,248.52	1,426.88	1,605.24	1,961.96	2,318.68	2,675.40	3,210.48
Great Lumley	938.25	1,094.62	1,251.00	1,407.37	1,720.12	2,032.87	2,345.62	2,814.74
Greater Willington	959.97	1,119.97	1,279.96	1,439.96	1,759.95	2,079.94	2,399.93	2,879.92
Greencroft	950.84	1,109.31	1,267.79	1,426.26	1,743.21	2,060.15	2,377.10	2,852.52
Hamsterley	936.12	1,092.14	1,248.16	1,404.18	1,716.22	2,028.26	2,340.30	2,808.36
Haswell	1,028.59	1,200.02	1,371.45	1,542.88	1,885.74	2,228.60	2,571.47	3,085.76
Hawthorn	951.31	1,109.86	1,268.41	1,426.96	1,744.06	2,061.16	2,378.27	2,853.92
Headlam	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Healeyfield	937.12	1,093.31	1,249.49	1,405.68	1,718.05	2,030.43	2,342.80	2,811.36
Hedleyhope	977.50	1,140.42	1,303.33	1,466.25	1,792.08	2,117.92	2,443.75	2,932.50
Hilton	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Hope	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Horden	1,094.93	1,277.41	1,459.90	1,642.39	2,007.37	2,372.34	2,737.32	3,284.78
Hunderthwaite	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Hutton Henry	999.72	1,166.34	1,332.96	1,499.58	1,832.82	2,166.06	2,499.30	2,999.16
Hutton Magna	931.88	1,087.19	1,242.51	1,397.82	1,708.45	2,019.07	2,329.70	2,795.64
Ingleton	941.71	1,098.67	1,255.62	1,412.57	1,726.47	2,040.38	2,354.28	2,825.14
Kelloe*	946.52	1,104.27	1,262.03	1,419.78	1,735.29	2,050.79	2,366.30	2,839.56
Kimblesworth and Plawsworth	939.35	1,095.91	1,252.47	1,409.03	1,722.15	2,035.27	2,348.38	2,818.06
Lanchester	950.55	1,108.98	1,267.40	1,425.83	1,742.68	2,059.53	2,376.38	2,851.66
Langleydale	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Lartington	939.17	1,095.69	1,252.22	1,408.75	1,721.81	2,034.86	2,347.92	2,817.50
Little Lumley	935.25	1,091.12	1,247.00	1,402.87	1,714.62	2,026.37	2,338.12	2,805.74
Lunedale	928.26	1,082.97	1,237.68	1,392.39	1,701.81	2,011.23	2,320.65	2,784.78
Lynesack and Softley	939.73	1,096.36	1,252.98	1,409.60	1,722.84	2,036.09	2,349.33	2,819.20
Marwood	933.51	1,089.09	1,244.68	1,400.26	1,711.43	2,022.60	2,333.77	2,800.52
Mickleton	940.62	1,097.39	1,254.16	1,410.93	1,724.47	2,038.01	2,351.55	2,821.86
Middleton-in-Teesdale and Newbiggin-in-Teesdale	946.14	1,103.83	1,261.52	1,419.21	1,734.59	2,049.97	2,365.35	2,838.42
Middridge	961.99	1,122.32	1,282.65	1,442.98	1,763.64	2,084.30	2,404.97	2,885.96
Monk Hesleden	1,042.89	1,216.70	1,390.52	1,564.33	1,911.96	2,259.59	2,607.22	3,128.66
Mordon	933.96	1,089.62	1,245.28	1,400.94	1,712.26	2,023.58	2,334.90	2,801.88
Morton Tinmouth	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Muggleswick	943.25	1,100.46	1,257.67	1,414.88	1,729.30	2,043.72	2,358.13	2,829.76
Murton	1,034.76	1,207.22	1,379.68	1,552.14	1,897.06	2,241.98	2,586.90	3,104.28
North Lodge	939.43	1,096.01	1,252.58	1,409.15	1,722.29	2,035.44	2,348.58	2,818.30
Ouston	943.25	1,100.46	1,257.67	1,414.88	1,729.30	2,043.72	2,358.13	2,829.76
Ovington	944.64	1,102.08	1,259.52	1,416.96	1,731.84	2,046.72	2,361.60	2,833.92

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	993.75	1,159.37	1,325.00	1,490.62	1,821.87	2,153.12	2,484.37	2,981.24
Peterlee	1,121.71	1,308.67	1,495.62	1,682.57	2,056.47	2,430.38	2,804.28	3,365.14
Pittington*	959.55	1,119.48	1,279.40	1,439.33	1,759.18	2,079.03	2,398.88	2,878.66
Raby with Keverstone	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Rokeby, Brignall and Eggleston Abbey	941.16	1,098.02	1,254.88	1,411.74	1,725.46	2,039.18	2,352.90	2,823.48
Romaldkirk	940.21	1,096.92	1,253.62	1,410.32	1,723.72	2,037.13	2,350.53	2,820.64
Sacriston	952.33	1,111.05	1,269.77	1,428.49	1,745.93	2,063.37	2,380.82	2,856.98
Satley	941.75	1,098.71	1,255.67	1,412.63	1,726.55	2,040.47	2,354.38	2,825.26
Scargill	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Seaham	1,076.98	1,256.48	1,435.97	1,615.47	1,974.46	2,333.46	2,692.45	3,230.94
Seaton with Slingley	944.06	1,101.40	1,258.75	1,416.09	1,730.78	2,045.46	2,360.15	2,832.18
Sedgefield	1,013.90	1,182.88	1,351.87	1,520.85	1,858.82	2,196.78	2,534.75	3,041.70
Shadforth*	941.32	1,098.21	1,255.09	1,411.98	1,725.75	2,039.53	2,353.30	2,823.96
Sherburn*	942.74	1,099.86	1,256.99	1,414.11	1,728.36	2,042.60	2,356.85	2,828.22
Shildon	1,095.05	1,277.56	1,460.07	1,642.58	2,007.60	2,372.62	2,737.63	3,285.16
Shincliffe*	941.51	1,098.43	1,255.35	1,412.27	1,726.11	2,039.95	2,353.78	2,824.54
Shotton	993.49	1,159.07	1,324.65	1,490.23	1,821.39	2,152.55	2,483.72	2,980.46
South Bedburn	931.60	1,086.87	1,242.13	1,397.40	1,707.93	2,018.47	2,329.00	2,794.80
South Hetton	1,014.21	1,183.24	1,352.28	1,521.31	1,859.38	2,197.45	2,535.52	3,042.62
Spennymoor	1,064.00	1,241.33	1,418.67	1,596.00	1,950.67	2,305.33	2,660.00	3,192.00
Staindrop	948.45	1,106.52	1,264.60	1,422.67	1,738.82	2,054.97	2,371.12	2,845.34
Stainton and Streatlam	947.39	1,105.28	1,263.18	1,421.08	1,736.88	2,052.67	2,368.47	2,842.16
Stanhope	943.61	1,100.88	1,258.15	1,415.42	1,729.96	2,044.50	2,359.03	2,830.84
Stanley Town Council	985.03	1,149.21	1,313.38	1,477.55	1,805.89	2,134.24	2,462.58	2,955.10
Startforth	949.64	1,107.91	1,266.19	1,424.46	1,741.01	2,057.55	2,374.10	2,848.92
Thornley	1,084.50	1,265.25	1,446.00	1,626.75	1,988.25	2,349.75	2,711.25	3,253.50
Tow Law	972.82	1,134.96	1,297.09	1,459.23	1,783.50	2,107.78	2,432.05	2,918.46

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	1,018.17	1,187.87	1,357.56	1,527.26	1,866.65	2,206.04	2,545.43	3,054.52
Trimdon Foundry	1,040.07	1,213.41	1,386.76	1,560.10	1,906.79	2,253.48	2,600.17	3,120.20
Urpeth	946.37	1,104.09	1,261.82	1,419.55	1,735.01	2,050.46	2,365.92	2,839.10
Wackerfield	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Waldridge	938.99	1,095.49	1,251.99	1,408.49	1,721.49	2,034.49	2,347.48	2,816.98
West Auckland	948.00	1,106.00	1,264.00	1,422.00	1,738.00	2,054.00	2,370.00	2,844.00
West Rainton and Leamside*	951.66	1,110.27	1,268.88	1,427.49	1,744.71	2,061.93	2,379.15	2,854.98
Wheatley Hill	1,031.40	1,203.30	1,375.20	1,547.10	1,890.90	2,234.70	2,578.50	3,094.20
Whorlton and Westwick	957.11	1,116.63	1,276.15	1,435.67	1,754.71	2,073.75	2,392.78	2,871.34
Windlestone	945.35	1,102.91	1,260.47	1,418.03	1,733.15	2,048.27	2,363.38	2,836.06
Wingate	1,014.35	1,183.41	1,352.47	1,521.53	1,859.65	2,197.77	2,535.88	3,043.06
Winston	941.67	1,098.61	1,255.56	1,412.50	1,726.39	2,040.28	2,354.17	2,825.00
Witton Gilbert*	985.21	1,149.41	1,313.61	1,477.81	1,806.21	2,134.61	2,463.02	2,955.62
Witton le Wear	938.19	1,094.55	1,250.92	1,407.28	1,720.01	2,032.74	2,345.47	2,814.56
Wolsingham	947.19	1,105.05	1,262.92	1,420.78	1,736.51	2,052.24	2,367.97	2,841.56
Woodland	936.08	1,092.09	1,248.11	1,404.12	1,716.15	2,028.17	2,340.20	2,808.24
Wycliffe-with-Thorpe	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Unparished Areas	925.11	1,079.30	1,233.48	1,387.67	1,696.04	2,004.41	2,312.78	2,775.34
Unparished Areas in the former City of Durham Area*	926.38	1,080.78	1,235.17	1,389.57	1,698.36	2,007.16	2,315.95	2,779.14
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	1.27	1.48	1.69	1.90	2.32	2.74	3.17	3.80

Appendix 5: Council Tax for each Property Band for Durham County Council including Parish and Town Council Precepts including the Charter Trustees for the City of Durham, County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner Precepts 2016/17

	Council Tax Bands							
Parish	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Barforth	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Barnard Castle	1,164.69	1,358.82	1,552.93	1,747.05	2,135.28	2,523.52	2,911.74	3,494.10
Barningham	1,113.55	1,299.15	1,484.74	1,670.34	2,041.53	2,412.72	2,783.89	3,340.68
Bearpark*	1,117.87	1,304.19	1,490.49	1,676.81	2,049.43	2,422.06	2,794.68	3,353.62
Belmont*	1,118.44	1,304.85	1,491.25	1,677.66	2,050.47	2,423.28	2,796.10	3,355.32
Bishop Auckland	1,126.13	1,313.83	1,501.51	1,689.21	2,064.59	2,439.97	2,815.34	3,378.42
Bishop Middleham	1,177.77	1,374.07	1,570.36	1,766.66	2,159.25	2,551.84	2,944.43	3,533.32
Bolam	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Bournmoor	1,113.15	1,298.69	1,484.21	1,669.74	2,040.79	2,411.85	2,782.89	3,339.48
Boldron	1,103.89	1,287.87	1,471.85	1,655.84	2,023.81	2,391.77	2,759.73	3,311.68
Bowes	1,115.76	1,301.73	1,487.68	1,673.65	2,045.57	2,417.50	2,789.41	3,347.30
Bradbury	1,116.21	1,302.26	1,488.29	1,674.33	2,046.40	2,418.48	2,790.54	3,348.66
Brancepeth*	1,149.27	1,340.82	1,532.36	1,723.91	2,107.00	2,490.09	2,873.18	3,447.82
Brandon & Byshottles*	1,123.94	1,311.27	1,498.59	1,685.92	2,060.57	2,435.22	2,809.86	3,371.84
Burnhope	1,108.58	1,293.35	1,478.11	1,662.88	2,032.41	2,401.94	2,771.46	3,325.76
Cassop-cum-Quarrington*	1,117.20	1,303.41	1,489.60	1,675.81	2,048.21	2,420.61	2,793.01	3,351.62
Castle Eden	1,119.27	1,305.82	1,492.36	1,678.91	2,052.00	2,425.09	2,798.18	3,357.82
Chilton	1,232.91	1,438.40	1,643.88	1,849.37	2,260.34	2,671.31	3,082.28	3,698.74
Cleatlam	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Cockfield	1,127.66	1,315.61	1,503.55	1,691.50	2,067.39	2,443.28	2,819.16	3,383.00
Cornforth	1,190.87	1,389.35	1,587.83	1,786.31	2,183.27	2,580.23	2,977.18	3,572.62
Cornsay	1,135.39	1,324.62	1,513.85	1,703.09	2,081.56	2,460.02	2,838.48	3,406.18
Cotherstone	1,115.94	1,301.94	1,487.92	1,673.92	2,045.90	2,417.89	2,789.86	3,347.84
Coxhoe*	1,146.83	1,337.97	1,529.11	1,720.25	2,102.53	2,484.80	2,867.08	3,440.50

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Croxdale and Hett*	1,122.52	1,309.62	1,496.70	1,683.79	2,057.96	2,432.14	2,806.31	3,367.58
Dalton-le-Dale	1,118.20	1,304.57	1,490.94	1,677.31	2,050.05	2,422.78	2,795.51	3,354.62
Dene Valley	1,110.72	1,295.85	1,480.96	1,666.09	2,036.33	2,406.58	2,776.81	3,332.18
Easington Colliery	1,271.59	1,483.53	1,695.46	1,907.40	2,331.27	2,755.14	3,178.99	3,814.80
Easington Village	1,213.33	1,415.55	1,617.77	1,820.00	2,224.45	2,628.89	3,033.33	3,640.00
Edmondsley	1,123.34	1,310.57	1,497.79	1,685.02	2,059.47	2,433.92	2,808.36	3,370.04
Eggleston	1,123.51	1,310.77	1,498.02	1,685.28	2,059.79	2,434.30	2,808.79	3,370.56
Eldon	1,176.56	1,372.66	1,568.75	1,764.85	2,157.04	2,549.23	2,941.41	3,529.70
Esh	1,138.39	1,328.13	1,517.86	1,707.60	2,087.07	2,466.54	2,845.99	3,415.20
Etherley	1,120.63	1,307.40	1,494.17	1,680.95	2,054.50	2,428.04	2,801.58	3,361.90
Evenwood and Barony	1,161.75	1,355.39	1,549.01	1,742.64	2,129.89	2,517.15	2,904.39	3,485.28
Ferryhill	1,244.26	1,451.64	1,659.02	1,866.40	2,281.16	2,695.91	3,110.66	3,732.80
Fishburn	1,175.70	1,371.66	1,567.60	1,763.56	2,155.46	2,547.37	2,939.26	3,527.12
Forest and Frith	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Framwellgate Moor*	1,117.67	1,303.95	1,490.23	1,676.51	2,049.07	2,421.62	2,794.18	3,353.02
Gainford and Langton	1,149.78	1,341.42	1,533.04	1,724.68	2,107.94	2,491.21	2,874.46	3,449.36
Gilmonby	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Great Aycliffe	1,244.63	1,452.07	1,659.51	1,866.95	2,281.83	2,696.71	3,111.58	3,733.90
Great Lumley	1,112.71	1,298.17	1,483.62	1,669.08	2,039.99	2,410.90	2,781.79	3,338.16
Greater Willington	1,134.44	1,323.52	1,512.59	1,701.67	2,079.82	2,457.97	2,836.11	3,403.34
Greencroft	1,125.31	1,312.86	1,500.41	1,687.97	2,063.08	2,438.18	2,813.28	3,375.94
Hamsterley	1,110.59	1,295.69	1,480.79	1,665.89	2,036.09	2,406.29	2,776.48	3,331.78
Haswell	1,203.05	1,403.57	1,604.07	1,804.59	2,205.61	2,606.63	3,007.64	3,609.18
Hawthorn	1,125.77	1,313.41	1,501.03	1,688.67	2,063.93	2,439.19	2,814.44	3,377.34
Headlam	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Healeyfield	1,111.59	1,296.86	1,482.12	1,667.39	2,037.92	2,408.45	2,778.98	3,334.78
Hedleyhope	1,151.97	1,343.97	1,535.96	1,727.96	2,111.95	2,495.94	2,879.93	3,455.92
Hilton	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Holwick	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Hope	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Horden	1,269.39	1,480.97	1,692.53	1,904.10	2,327.23	2,750.37	3,173.49	3,808.20
Hunderthwaite	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Hutton Henry	1,174.19	1,369.89	1,565.59	1,761.29	2,152.69	2,544.09	2,935.48	3,522.58
Hutton Magna	1,106.35	1,290.74	1,475.13	1,659.53	2,028.32	2,397.10	2,765.88	3,319.06
Ingleton	1,116.18	1,302.22	1,488.24	1,674.28	2,046.34	2,418.41	2,790.46	3,348.56
Kelloe*	1,120.99	1,307.83	1,494.65	1,681.49	2,055.15	2,428.82	2,802.48	3,362.98
Kimblesworth and Plawsworth	1,113.82	1,299.46	1,485.10	1,670.74	2,042.02	2,413.29	2,784.56	3,341.48
Lanchester	1,125.02	1,312.53	1,500.03	1,687.54	2,062.55	2,437.56	2,812.56	3,375.08
Langleydale	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Lartington	1,113.63	1,299.25	1,484.85	1,670.46	2,041.67	2,412.89	2,784.09	3,340.92
Little Lumley	1,109.71	1,294.67	1,479.62	1,664.58	2,034.49	2,404.40	2,774.29	3,329.16
Lunedale	1,102.73	1,286.52	1,470.31	1,654.10	2,021.68	2,389.26	2,756.83	3,308.20
Lynesack and Softley	1,114.20	1,299.91	1,485.60	1,671.31	2,042.71	2,414.12	2,785.51	3,342.62
Marwood	1,107.97	1,292.64	1,477.30	1,661.97	2,031.30	2,400.63	2,769.94	3,323.94
Mickleton	1,115.09	1,300.94	1,486.79	1,672.64	2,044.34	2,416.04	2,787.73	3,345.28
Middleton-in-Teesdale and Newbiggin-in-Teesdale	1,120.61	1,307.38	1,494.15	1,680.92	2,054.46	2,428.00	2,801.53	3,361.84
Middridge	1,136.45	1,325.87	1,515.27	1,704.69	2,083.51	2,462.33	2,841.14	3,409.38
Monk Hesleden	1,217.35	1,420.25	1,623.14	1,826.04	2,231.83	2,637.62	3,043.39	3,652.08
Mordon	1,108.43	1,293.17	1,477.91	1,662.65	2,032.13	2,401.61	2,771.08	3,325.30
Morton Tinmouth	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Muggleswick	1,117.72	1,304.01	1,490.30	1,676.59	2,049.17	2,421.74	2,794.31	3,353.18
Murton	1,209.23	1,410.77	1,612.31	1,813.85	2,216.93	2,620.01	3,023.08	3,627.70
North Lodge	1,113.90	1,299.56	1,485.20	1,670.86	2,042.16	2,413.47	2,784.76	3,341.72
Ouston	1,117.72	1,304.01	1,490.30	1,676.59	2,049.17	2,421.74	2,794.31	3,353.18
Ovington	1,119.11	1,305.63	1,492.15	1,678.67	2,051.71	2,424.75	2,797.78	3,357.34

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Pelton	1,168.21	1,362.92	1,557.62	1,752.33	2,141.74	2,531.15	2,920.54	3,504.66
Peterlee	1,296.18	1,512.22	1,728.24	1,944.28	2,376.34	2,808.41	3,240.46	3,888.56
Pittington*	1,134.02	1,323.03	1,512.03	1,701.04	2,079.05	2,457.06	2,835.06	3,402.08
Raby with Keverstone	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Rokeby, Brignall and Eggleston Abbey	1,115.63	1,301.57	1,487.51	1,673.45	2,045.33	2,417.21	2,789.08	3,346.90
Romaldkirk	1,114.68	1,300.47	1,486.24	1,672.03	2,043.59	2,415.16	2,786.71	3,344.06
Sacriston	1,126.79	1,314.60	1,502.39	1,690.20	2,065.80	2,441.40	2,816.99	3,380.40
Satley	1,116.22	1,302.26	1,488.30	1,674.34	2,046.42	2,418.49	2,790.56	3,348.68
Scargill	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Seaham	1,251.45	1,460.03	1,668.60	1,877.18	2,294.33	2,711.48	3,128.63	3,754.36
Seaton with Slingley	1,118.53	1,304.95	1,491.37	1,677.80	2,050.65	2,423.49	2,796.33	3,355.60
Sedgefield	1,188.37	1,386.43	1,584.49	1,782.56	2,178.69	2,574.81	2,970.93	3,565.12
Shadforth*	1,115.79	1,301.76	1,487.72	1,673.69	2,045.62	2,417.55	2,789.48	3,347.38
Sherburn*	1,117.21	1,303.42	1,489.61	1,675.82	2,048.22	2,420.63	2,793.03	3,351.64
Shildon	1,269.52	1,481.11	1,692.70	1,904.29	2,327.47	2,750.64	3,173.81	3,808.58
Shincliffe*	1,115.98	1,301.99	1,487.98	1,673.98	2,045.97	2,417.97	2,789.96	3,347.96
Shotton	1,167.95	1,362.62	1,557.27	1,751.94	2,141.26	2,530.58	2,919.89	3,503.88
South Bedburn	1,106.07	1,290.42	1,474.76	1,659.11	2,027.80	2,396.49	2,765.18	3,318.22
South Hetton	1,188.67	1,386.79	1,584.90	1,783.02	2,179.25	2,575.48	2,971.69	3,566.04
Spennymoor	1,238.47	1,444.88	1,651.29	1,857.71	2,270.54	2,683.36	3,096.18	3,715.42
Staindrop	1,122.91	1,310.07	1,497.22	1,684.38	2,058.69	2,433.00	2,807.29	3,368.76
Stainton and Streatlam	1,121.85	1,308.84	1,495.81	1,682.79	2,056.74	2,430.70	2,804.64	3,365.58
Stanhope	1,118.08	1,304.43	1,490.78	1,677.13	2,049.83	2,422.52	2,795.21	3,354.26
Stanley Town Council	1,159.50	1,352.76	1,546.00	1,739.26	2,125.76	2,512.27	2,898.76	3,478.52
Startforth	1,124.11	1,311.46	1,498.81	1,686.17	2,060.88	2,435.58	2,810.28	3,372.34
Thornley	1,258.97	1,468.80	1,678.63	1,888.46	2,308.12	2,727.78	3,147.43	3,776.92
Tow Law	1,147.29	1,338.51	1,529.72	1,720.94	2,103.37	2,485.80	2,868.23	3,441.88

Parish	Council Tax Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Trimdon	1,192.64	1,391.42	1,590.19	1,788.97	2,186.52	2,584.07	2,981.61	3,577.94
Trimdon Foundry	1,214.53	1,416.96	1,619.38	1,821.81	2,226.66	2,631.51	3,036.34	3,643.62
Urpeth	1,120.83	1,307.65	1,494.45	1,681.26	2,054.87	2,428.49	2,802.09	3,362.52
Wackerfield	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Waldridge	1,113.46	1,299.04	1,484.62	1,670.20	2,041.36	2,412.51	2,783.66	3,340.40
West Auckland	1,122.47	1,309.55	1,496.63	1,683.71	2,057.87	2,432.03	2,806.18	3,367.42
West Rainton and Leamside*	1,126.13	1,313.82	1,501.51	1,689.20	2,064.58	2,439.95	2,815.33	3,378.40
Wheatley Hill	1,205.87	1,406.85	1,607.83	1,808.81	2,210.77	2,612.73	3,014.68	3,617.62
Whorlton and Westwick	1,131.58	1,320.18	1,508.78	1,697.38	2,074.58	2,451.77	2,828.96	3,394.76
Windlestone	1,119.82	1,306.46	1,493.10	1,679.74	2,053.02	2,426.29	2,799.56	3,359.48
Wingate	1,188.82	1,386.96	1,585.10	1,783.24	2,179.52	2,575.79	2,972.06	3,566.48
Winston	1,116.13	1,302.16	1,488.18	1,674.21	2,046.26	2,418.31	2,790.34	3,348.42
Witton Gilbert*	1,159.68	1,352.96	1,546.24	1,739.52	2,126.08	2,512.64	2,899.20	3,479.04
Witton le Wear	1,112.65	1,298.10	1,483.54	1,668.99	2,039.88	2,410.77	2,781.64	3,337.98
Wolsingham	1,121.65	1,308.60	1,495.54	1,682.49	2,056.38	2,430.27	2,804.14	3,364.98
Woodland	1,110.55	1,295.64	1,480.73	1,665.83	2,036.02	2,406.20	2,776.38	3,331.66
Wycliffe-with-Thorpe	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Unparished Areas	1,099.58	1,282.85	1,466.11	1,649.38	2,015.91	2,382.44	2,748.96	3,298.76
Unparished Areas in the former City of Durham Area*	1,100.85	1,284.33	1,467.80	1,651.28	2,018.23	2,385.18	2,752.13	3,302.56
* these areas include a precept for the Charter Trustees for the City of Durham								
The Charter Trustees for the City of Durham	1.27	1.48	1.69	1.90	2.32	2.74	3.17	3.80

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County Council

24 February 2016

North East Combined Authority: Devolution Deal Update and Poll Result

Report of Cabinet
Councillor Simon Henig, Leader

Purpose of the Report

1 To seek Council's views on the proposed Devolution Deal, with Council having the opportunity to consider the results of the Durham Poll; further information in relation to the potential formation of a mayoral combined authority and further financial information included in the final Local Government Settlement of 8 February 2016.

Background

2 On the 9 December 2015, Council considered a report on a proposal to carry out a poll of the electorate of County Durham on the proposed Devolution Deal. Council agreed to the funding of such a poll which closed on the 8 February 2016.

3 Officers are currently working on three significant areas:

1. An analysis of the results of the poll;
2. An analysis of the impact on the combined authority area and Durham included in the final Local Government Settlement of 8 February 2016;
3. An analysis (which is as up to date as practicable) on the ongoing devolution negotiations currently taking place with the Department of Communities and Local Government.

4 A report covering these and other relevant issues will be presented to Council at the meeting so that Council may give its views on the proposed deal, ahead of the Cabinet Meeting on 16 March 2016.

Contact: Lorraine O'Donnell Tel: 03000 268060

Appendix 1: Implications

Finance - none specific in this report

Staffing - none specific in this report

Risk - none specific in this report

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

Accommodation - none specific in this report

Crime and Disorder - none specific in this report

Human Rights - none specific in this report

Consultation - none specific in this report

Procurement - none specific in this report

Disability Issues - none specific in this report

Legal Implications - none specific in this report

County Council

24 February 2016

North East Combined Authority:

Devolution Update and Poll Results

Councillor Simon Henig, Leader

Purpose of the Report

1 This report provides an update on the proposed devolution agreement, including the results of the County Durham poll, in order to facilitate a Council debate to influence the required Cabinet decision on whether Durham County Council should agree any final devolution agreement.

Executive Summary

2 Durham County Council is a constituent council of the North East Combined Authority (NECA) that was established in April 2014. Background information is provided on the constitution and function of the combined authority and the changes required if the devolution agreement is finalised.

3 Following the 2015 General Election, the Chancellor of the Exchequer announced the availability of devolved powers to combined authorities. The Leadership Board of NECA negotiated with Government and signed a proposed agreement on 23 October 2015, subject to a number of conditions which are described within this report, together with a summary of the extent to which these conditions have been met.

4 One of the important conditions required before making a decision on the deal was public consultation. This report summarises the consultation undertaken across the NECA area. Durham is unique in having conducted a poll of all electors, as agreed by Council on 9 December 2015. The poll closed on 8 February and the results are presented in the report together with a summary of the outcomes of consultation with local businesses and other stakeholders.

5 Legislation required to enable combined authorities to deliver devolution arrangements is contained within the *Cities and Local Government Devolution Act 2016*, which received Royal Assent on 28 January 2016. The Act has been subject to considerable amendment during its passage through the legislative process. A summary is provided of the key changes and the timetable for further detail to be developed through Orders and Regulations.

6 Previous reports on the Combined Authority and devolution have highlighted issues that are both significant for and unique to Durham, including transport arrangements, police and fire arrangements and patient flows for health services. A description of these issues and the provisions made for them are described in the report.

7 Finally, the next steps on decision making by each council's Cabinet and by the NECA Leadership Board are described.

Background – Creation of Combined Authorities, including NECA

8 A Combined Authority is a legal structure to lead collaboration between local authorities and enable strategic decision-making on economic growth and transport. They were introduced in the *Local Democracy Economic Development and Construction Act 2009* and were designed to enable groups of local authorities to work closely together to deliver improvements in economic growth and transport across local authority boundaries.

9 On 24 June 2013 Cabinet endorsed the findings of the governance review undertaken in April/May 2013, including specifically the finding that the creation of a combined authority covering the authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland would improve the discharge of functions relating to transport, skills, and economic development across the region. All seven cabinets considered that a combined authority (later named the North East Combined Authority) would strengthen collaboration between the constituent local authorities and enable strategic decision making on economic growth and transport. On 24 July 2013 Council endorsed the decision of Cabinet. The councils of the other constituent councils in turn endorsed the decision of their respective cabinets.

10 Subsequent Cabinet and Council decisions included appointing members of the council to the Leadership Board and Scrutiny Committee of NECA and agreeing specific arrangements for transport as described later in the report.

11 The NECA Leadership Board is supported by a part time interim Chief Executive, a part time interim Chief Finance Officer plus part time monitoring officer support provided by North Tyneside. A small support team of officers is also in place. The costs for these officers are being funded from equal contributions from the seven authorities plus the use of NECA reserves.

12 Combined authorities that agree to a devolution deal must become mayoral combined authorities. The legislation to enable this to happen has been under development and is described later in the report. For NECA, the election of a mayor would be expected to take place in May 2017.

Devolution and the Proposed North East Devolution Agreement

13 The Chancellor of the Exchequer announced the availability of devolved powers to combined authorities following the General Election in May 2015. Thirty-eight cities and regions put forward bids by the Government's deadline of 4 September 2015. To date, devolution deals have been agreed for Greater Manchester, Sheffield, Leeds, Cornwall, the West Midlands, Liverpool and the Tees Valley. More deals, including the proposed North East devolution agreement are at different stages of development. Given the fact that devolution powers originated in the area of economic regeneration and transport, and linkages have been made to the Northern Powerhouse, it is

perhaps not surprising that the greatest initial interest and most advanced development of combined authorities and devolution deals have so far been in conurbations in Northern England.

14 The NECA Leadership Board negotiated with Government and signed a proposed North East devolution agreement on 23 October 2015, subject to the following conditions:

- The outcome of the spending review on 25 November 2015;
- The legislative process
- Further public consultations (which for Durham includes the results of the poll of all electors)
- Agreement by constituent councils
- Formal endorsement by the Leadership Board and Ministers.

15 The proposed agreement was circulated to members at the full council meeting on 28 October and is reproduced as **Appendix 2**.

16 The main points of the proposed agreement are:

- to give the North East new opportunities to support businesses and create more jobs. That includes giving the North East an extra £30 million a year to set up an Investment Fund to help business growth.
- To let the North East develop its own plans to improve post 16 education and training so that people have better skills and better prospects.
- To let the North East take more decisions about transport investment, particularly public transport.
- To enable the North East to do more to identify opportunities for investment in new housing.
- To give the North East more say over how money from European Union is spent in the North East.
- To enable the North East to review health and social care provision and develop plans to improve and integrate services so that people receive better care.

17 As explained above, agreement to a devolution deal would require the election of a mayor for the combined authority area. It is proposed that the mayor would have personal accountability for the following:

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the Spending Review.

- Responsibility for franchised bus services and, through Rail North, franchised rail services, contributing to the delivery of smart and integrated ticketing across the North East.
- Powers over strategic planning, including the responsibility to create a North East Planning Development Framework and to chair a new North East Land Commission to release land for development.
- Powers to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap.

18 The Leadership Board, made up of the Leaders and Elected Mayor of the constituent authorities would be renamed as the 'Cabinet' of NECA and working with the Mayor would have the following powers:

- To create a North East Combined Authority Investment Fund, bringing together funding for devolved powers and used to deliver a 15 year programme of transformational investment in the region.
- Control of a new £30 million a year funding allocation over 30 years, to be included in the NECA Investment Fund and invested to boost growth.
- Joint responsibility for an Employment and Skills Board, that will undertake a comprehensive review and redesign of the post-16 education, skills and employment support system in the North East, delivered through the area-based review of post 16 provision, devolution of adult skills funding by 2018/19 and co-design by Government and NECA of employment support for harder-to-help claimants.
- Responsibility for a devolved approach to business support from 2017, including further responsibility for UKTI export advice services, to be developed in partnership with Government.
- Joint responsibility for the rollout of broadband across the North East.
- Increased devolved responsibility for rural growth.

19 The Elected Mayor would be the Chair and a member of NECA. All members of NECA, including the Elected Mayor would have one vote and any proposal requiring a decision of NECA could be put forward by either the Mayor or a Cabinet Member.

Extent to which conditions have been met

20 An update is provided below on the conditions set out in the proposed devolution agreement.

The outcome of the spending review

21 The devolution agreement made reference to seeking a fair funding settlement for the North East: 'ensuring that the North East does not suffer disproportionately from future reductions in funding through a fair funding settlement'. The spending review of 25 November 2015 made clear that

austerity will continue for local government until at least 2020. The final financial settlement for 16/17 received on 8 February 2016 is summarised in the financial implications section at **Appendix 1**. Of the additional £150m of Government Transitional Grant funding for the next two years and the additional £61m Rural Services Delivery Grant included in the final settlement, only Northumberland benefited.

22 In finalising the proposed devolution agreement, further discussions are being held with DCLG and Treasury.

Consultation including the Durham Poll

23 Previous paragraphs highlighted the consultation that was undertaken and which influenced the decision to form NECA. At each stage of the process there was consultation throughout the NECA area in each of the constituent local authority areas and further consultation bespoke to each area. At each stage, Durham has had the highest turnout within the NECA area, and in conducting the poll, has carried out the largest consultation in England on a policy issue.

24 The consultation events and the issues emerging from them are summarised in **Appendix 3**. The main points are:

- There was general support voiced for the concept of devolution amongst partners, businesses, the general public and the voluntary sector

- The issues covered by the proposed agreement were thought to be appropriate

- Suggestions of areas for future devolution included culture, tourism, housing and the environment

- There were concerns expressed as to how issues such as the rural nature of County Durham, and the non-co-terminous boundaries of Durham's police and fire services would be accommodated within the proposed devolution arrangements

- There was interest expressed as to how Durham could continue to work with areas beyond the combined authority area, particularly for businesses and regarding health and social care services.

25 The decision to conduct a poll of all electors was made by full council on 9 December 2015.The methodology for conducting the poll was also agreed at that meeting and included a postal survey, background information and questions developed by the University of Durham, and the commissioning of the poll and its analysis by a third party organisation with the infrastructure to carry out such a high volume poll (377,110 electors) within a short period. Electoral Reform Services was appointed in mid-December and the poll was conducted from 11 January to 8 February 2016.

26 The results of the poll are presented in **Appendix 4**. The total number of responses received was 81,964 from an electorate of 377,110 representing a

21.7% turnout. This is evidence of a significant amount of interest in what is essentially a policy issue. Advertisements informing residents of the poll were placed in the local press and ran on local radio. There were articles and editorials on the issue in the regional press and interviews/coverage on regional TV. In the absence of significant national coverage of this issue and campaigning, such a turnout is very encouraging.

27 Analysis of the poll results shows that:

- A clear majority (59.5%) of electors responding thought that devolving some power and resources to the North East would be a step in the right direction. A minority (14.9%) thought that it would be the wrong thing to do. A quarter of respondents thought that devolving some power and resources would make little difference or didn't know (19.9% and 5.7% respectively).

- Respondents' views on the powers of an elected mayor were more mixed. 47.8% thought that the mayor should have limited power and influence i.e. someone who chairs the combined authority but does not have a major role representing the area. 40.3% of respondents took the view that the mayor should have quite a lot of power and influence – perhaps coming to be seen as someone who represents the voice of the North East area. 11.9% of respondents were unsure of their views on this topic. At 1,088 this issue had the most invalid responses of the four questions.

- The most popular response to the question as to whether if the agreement goes ahead, people would like to try to get additional powers and resources devolved to the north east was "not sure – it depends, let's wait and see" (42.9%). Clear views of "no, I wouldn't want to see more devolution" were expressed by 22.4% and "yes, I would like to see more devolution" by 28.3% on this issue; 6.4% were unsure of their views.

- On being asked their views as to whether if the agreement goes ahead, it would bring more prosperity and jobs to County Durham, 40.5% thought it would, 9.1% thought it would not, and 36.2% thought it would make little or no impact to jobs and prosperity. More people (14.2%) answered "I don't know" to this question than any of the others

Legislation

28 Legislation required to enable combined authorities to assume devolved powers is largely contained within the *Cities and Local Government Devolution Act 2016.*

29 The Act received Royal Assent on 28 January 2016 and will be in force before the end of March. The Act provides a framework for:

- Devolution of powers and responsibilities to combined authorities from Government

- Introduction of new mayoral combined authorities

- Transfer or sharing of powers and responsibilities from other public bodies

30 A key principle underpinning these opportunities for change is consent and the Act envisages that any material change in power or the introduction of a combined authority mayor will be with the consent of the combined authority and constituent authorities. A decision to provide such consent is a matter for the NECA Leadership Board and the cabinets of the constituent authorities.

31 The act envisages costs incurred in, or in connection with, the Mayoral office could be met through a Mayoral Precept with effect from 2018/19, subject to enabling orders that are yet to be agreed. The Mayoral responsibilities include a devolved and consolidated transport budget and so the current transport levy arrangement is expected to change from the current arrangements where the council tax payers in the five Tyne and Wear authorities currently pay a levy for the transport services provided by the former Integrated Transport Authority and Durham and Northumberland have separate levies for passenger transport services and concessionary fares costs in their areas.

32 It is not yet confirmed when an order permitting a mayoral precept will be made. More detail about the process for agreeing and funding the Mayoral budget will emerge in secondary legislation but the Act envisages scrutiny of the draft budget and the power to change it.

33 Details of the operation of some aspects of the new legislation, such as scrutiny and budget setting will be set out in orders and regulations following consultation by DCLG, which is expected over the next few months.

34 The Government is therefore enacting legislation to enable devolution powers to be assumed by mayoral combined authorities. At this stage, much of the detail has yet to be developed.

Agreement by Constituent Councils
Formal endorsement by the Leadership Board and Ministers

35 The proposed devolution agreement must be considered by each constituent council's Cabinet in advance of a final decision to be taken by the NECA Leadership Board.

36 Each constituent council is planning to debate the issue at a council meeting in advance of the Cabinet decision on the issue. The current timetable is that Council meetings and Cabinet meetings will take place prior to a NECA Leadership Board meeting on 24 March 2016.

37 This report, updated with any further emerging information will form the background information to a report to Cabinet.

38 Any constituent council that decides not to agree the proposed devolution agreement would be required to leave the combined authority. The proposed devolution agreement could still be agreed provided that there are two or more constituent councils in the combined authority. However the final decision on whether to agree the proposed agreement lies with the NECA

Leadership Board once all constituent councils have made clear their positions.

County Durham Issues

39 Previous reports on the combined authority and devolution have highlighted that Durham has significant issues, some of which are unique within the combined authority area. These are:

- Transport: Durham and Northumberland were never part of the Tyne and Wear Integrated Transport Authority (ITA) and have rural transport issues that are unique to largely rural counties;

- Health: the footprint for health services for County Durham residents involves significant patient flows to Tees Valley. The council is part of an NHS unit of planning which comprises Durham, Darlington and Tees and has been involved for some time in an NHS sub-regional project to consider hospital and out of hospital care from the Tees Valley and County Durham known as the ‘Better Health Programme’.

- Police and fire: whilst police arrangements for six of the seven constituent councils are shared, Durham’s police authority is separate and covers both County Durham and Darlington. Darlington is part of the Tees Valley combined authority. Durham’s fire authority covers the same footprint as the police and therefore again straddles two combined authority areas.

40 Durham’s position on transport is very clear and has been provided for in the constitution and Order of NECA.

41 There are some significant differences in the way in which transport is delivered and the cost of transport services between Tyne and Wear, Durham and Northumberland. There is a commitment to consider transport integration across the NECA area, with the potential for an elected mayor to take direct responsibility for all transport matters across NECA. This could extend to franchising of all bus services under the proposed Buses Bill. The authority will need to ensure that this will only be progressed where it can be shown to be more effective and efficient, whilst maintaining or improving the quality of service across the County.

42 The Order transferred the responsibility for passenger transport and concessionary fares from the Council to the combined authority. However, in order to protect the Council’s position set out above, the Constitution of the Combined Authority, and the Operating Agreement between the constituent authorities delegated these functions back to the County Council.

43 The Order also made provision for three separate levies to be issued, to the Tyne and Wear districts, Durham and Northumberland; and protected the two county councils from any costs or liabilities in relation to the functions, property and rights transferred to the Combined Authority from the former Tyne and Wear ITA.

44 The constitutional changes required to change from a combined authority to a mayoral combined authority bring similar risks to those managed so far on the creation of the combined authority. Care must therefore be taken to delineate our arrangements in a similar fashion, in the creation of a mayoral combined authority if the proposed devolution agreement is agreed.

45 Whilst we should consider the opportunities presented by any new legislation, full harmonisation of passenger transport could reduce flexibility for Durham in dealing with our own budget pressures.

46 The existing alignment of transport functions with other place shaping functions within Regeneration and Economic Development is also considered to be more effective in delivering against Durham's strategic and economic agenda.

47 The current integration across home to school, public transport, health transport and adult social care transport delivery areas is considered to offer greater efficiency for meeting transport needs in rural areas. Any further integration within NECA would need to demonstrate that it would be more efficient and provide greater value for money than the present arrangements.

48 The devolution agreement contains the proposal to establish a Commission for Health and Social Care to establish the scope and basis for integration, deeper collaboration and devolution across the combined authority's area. In contributing fully to the evidence base and sharing with partners the development of the commission's findings, it will be important to continue to ensure that there is widespread understanding of and account taken of Durham's significantly different patient flows and health service planning footprint, if the proposed devolution agreement is finalised.

49 Some devolution deals, including that for Greater Manchester include provision for the Mayor to assume the responsibility of the Police and Crime Commission for that area. This is not a part of the proposed North East devolution agreement.

Financial implications

50 The financial benefits of the devolution agreement have been described above and in the financial implications section of **Appendix 1**. Negotiations are still ongoing as to how the overall funding package for the North East could be improved. Costs would be incurred to hold mayoral elections and run the mayoral office. Legislation, subject to enabling orders that are yet to be agreed, gives the mayor power to raise a council tax precept to pay for these costs but this power will not be able to be put in place until at least 2018/19 i.e. the first financial year after the mayor is elected. The costs for NECA and the mayoral office for at least the first two years would therefore have to be met from the £30m a year grant funding.

Next steps

51 As outlined above the next step in decision making is consideration of the proposed agreement by each constituent council through a series of council and cabinet meetings. The NECA Leadership Board will then take a final decision once the position of each constituent council is known.

52 Following Royal Assent of the Act, a series of Orders necessary for implementation of the act will be required. These include:

- An Order allowing for the creation of mayors to allow elections in 2017.

- An Order modifying the existing Combined Authority Order;

- Further Orders to convey specific information regarding for example the budget process, precept etc.

Conclusion

53 Local Government in England has long asked for greater powers to be devolved from Westminster. The devolution deal on offer is a complex one. At its heart is collaboration on economic regeneration, transport and skills beyond local authority boundaries. A review of this area was conducted before the establishment of NECA which found that there would be economic benefit from collaborating over this geography.

54 The Government has committed to the investment of £30m revenue funding over the next 30 years from 2016 and the devolution of powers in relation to regeneration, transport and skills. A condition of this deal is the election of a mayor with effect from May 2017 and the transition of NECA to a mayoral combined authority.

55 Much is still uncertain about the details of the new legislation enabling mayoral combined authorities to assume devolved powers. Negotiations are still continuing as to how the financial offer can be strengthened. It is also unclear as to how Government will work with combined authorities in comparison to those areas that have not agreed to work in this way. In an ideal world, we would have complete visibility on these issues and how they would develop.

56 Durham has sought the views of stakeholders and the public to a much greater extent than any other authority through the poll of all electors. There is clear support for devolving some power and resources to the North East and a view that we should “wait and see” how further devolution could be achieved in the future. General support for devolution was also apparent in the consultation held with partners, businesses and the voluntary sector.

57 Consultation responses in general highlighted concerns and suggested that care would be needed to deal appropriately with Durham specific issues such as rurality, transport, health and social care patient flows and the police and fire boundaries. Throughout the negotiations and development of the combined authority and the proposed devolution agreement, care has been

taken to stress the issues that are specific to Durham. These have been accommodated to date and it is important that they continue to be so.

Recommendation

58 It is recommended that Council:

a) notes the information on the proposed agreement provided in the report

b) notes the conditions on which the proposed agreement is to be decided namely:

The outcome of the spending review on 25 November 2015;

The legislative process;

Further public consultations (which for Durham includes the results of the poll of all electors);

Agreement by constituent councils;

Formal endorsement by the Leadership Board and Ministers.

c) notes the update on the degree to which these have been met, namely

- That negotiations on funding to the North East are continuing following the outcome of the financial settlement for 16/17
- Consultation outcomes, including those of the poll support the devolution of funding and resources to the North East but are cautious as to the degree to which devolution should go beyond the current proposed agreement and would wish to see a mayor with more limited powers;
- That the legislation to enable devolution through mayoral combined authorities has received Royal Assent and that further detail is under development;
- That each constituent council will consider the proposed agreement, making decisions through cabinets;
- The Leadership Board will make a final decision when the position of all constituent councils is known.

d) Notes and confirms that the following Durham specific conditions have been accommodated within the combined authority development and proposed devolution agreement to date, and must continue to be so in the final decision making:

- There will be no change to the transport levy in a way as to disadvantage Durham;

- Integrated transport arrangements will not mean more cost or disadvantage to Durham;

- That absorption of the role of the Durham PCC is currently not part of the devolution agreement and that any future devolution will not be to the detriment of Durham's police and fire services;

- That any future interpretation of health and social care takes account of the significantly different patient flows in County Durham and is not to the detriment of health and social care services.

Reason

59 To take account of all of the issues associated with the proposed devolution agreement, including the results of the Durham poll, prior to consideration of the proposed devolution agreement by Cabinet.

Contact:	**Lorraine O'Donnell, Assistant Chief Executive** **Don McLure, Director of Resources** **Ian Thompson, Director of Regeneration and Economic Development** **Colette Longbottom, Head of Legal Services**

Appendix 1: Implications

Finance - In finalising the proposed devolution agreement, negotiations are currently taking place on how the concept of 'fair funding' for NECA can be satisfied with Communities and Local Government (CLG).

The provisional grant settlement for 2016/17 in December 2015 was a less bad settlement when compared to previous years due to the formula taking into account council tax raising levels of each local authority in the context of 'core spending power'.

The final settlement included £150m of Transitional Grant funding for 2016/17 and 2017/18 plus £61m Rural Services Delivery Grant where the biggest beneficiary authorities were the southern upper tier county councils. Durham did not receive any funding from these two additional grants.

2016/17 Actual Position
The average 'core spending power' across the whole of England in 2016/17 is a cut of 2.3%.
The cut for Durham is 4.1% and the NECA average is a cut of 3.7%

2016/17 to 2019/20 Actual Position
The average 'core spending power' across the whole of England across the 4 years is a cut of 0.4%.
The cut for Durham is 2.4% and the NECA average is a cut of 1.8%

Impact on Core Spending Power (Excluding Council Tax Income) 2016/17
The average 'core spending power' across the whole of England in 2016/17 is a cut of 9.6%.
The cut for Durham in 2016/17 is 10.5% and the NECA average is a cut of 9.8%
The reason why the cut for Durham and NECA average is higher that the England average in this first year is due to the impact of the additional £150m of Transitional Grant funding which is a Government commitment for two years only in 2016/17 and 2017/18 plus the £61m Rural Services Delivery Grant included in the final grant settlement.
Along with all the other north east authorities (apart from Northumberland), Durham did not receive any of this additional funding and this has caused our cut in core spending power to be higher than the England average in 2016/17.

Impact on Core Spending Power (Excluding Council Tax Income) 2016/17 to 2019/20
The average 'core spending power' across the whole of England across the next four years - 2016/17 to 2019/120 is a cut of 24.5%.
The cut for Durham across the four years is 19.6% and the NECA average is a cut of 19.8%
The reason why the cut for Durham and NECA average is lower than the England average across the four year period is due to the £150m of Transitional Grant funding and the £61m Rural Services Delivery Grant including only being paid in the

first two years. This therefore has a beneficial impact in average comparison terms for Durham and the north east from 2018/19 onwards.

Staffing - None

Risk – within the body of the report

Equality and Diversity / Public Sector Equality Duty - None

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation - None

Procurement - None

Disability Issues - None

Legal Implications - within the body of the report

HM Treasury

north east combined authority

NORTH EAST DEVOLUTION AGREEMENT

DEVOLUTION AGREEMENT BETWEEN GOVERNMENT AND THE NORTH EAST

This document sets out the terms of a proposed agreement between the North East Combined Authority Leadership Board and the Government to move forward with a radical devolution of funding, powers and responsibilities. Final agreement is conditional on the legislative process, the Spending Review, further public consultation, agreement by the constituent councils, and formal endorsement by the Leadership Board and Ministers early in the New Year.

The document we have negotiated together, set out alongside this statement, provides for the transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from central government to the North East. It paves the way for further devolution over time, and for the reform of public services, including health and social care, to be led by the North East.

Devolution must deliver new opportunities for the people of the North East, helping to meet our Strategic Economic Plan to create 100,000 jobs. By prioritising Human Capital development, we will create a radical new approach to enhancing employment and skills, with devolved responsibility for adult skills, co-design of employment support for harder-to-help claimants, and partnership arrangements to create opportunities for young people.

The deal would enable the Combined Authority to create an Investment Fund focused on supporting the North East to compete in international markets, worth up to £1.5 billion, with an initial allocation of revenue funding for capital financing of at least £30 million a year for 30 years. The incoming Mayor would also have the option, with business support, to raise up to a further £30 million a year through a business rate supplement. The North East would in addition benefit from access to Local Growth Funding, from new Enterprise Zones, through the current bidding round, and from local leadership over European funding. Further details would be set out at and following the spending review through a place-based settlement and a single capital programme, demonstrating fair funding.

A Mayor for the North East would be established, working as part of the Combined Authority and subject to local democratic scrutiny, and with a strong partnership with business. Elections would take place in 2017. We will together review the appropriate relationship between the mayor and the role of police and crime commissioners.

We believe we can deliver a deal which is good for the North East, good for our individual communities, and good for the UK. It demonstrates the central role that the North East plays in delivering the ambitions of the Northern Powerhouse. We will now move forward to champion the progressive devolution which the North East demands and expects, with radical reforms of the relationship between the region and central government. Above all, we will help create new opportunities for the people of the North East, more and better jobs, and a greater say over their communities and their future.

HM Treasury

neca
north east combined authority

....
The Rt Hon George Osborne
Chancellor of the Exchequer

....
Cllr Simon Henig
Chair of the Combined Authority and Leader of Durham County Council

....
Cllr Mick Henry
Vice Chair of the Combined Authority and Leader of Gateshead Council

....
Mayor Norma Redfearn
Vice Chair of the Combined Authority and Elected Mayor of North Tyneside

....
Cllr Nick Forbes
Leader of Newcastle City Council

....
Cllr Grant Davey
Leader of Northumberland County Council

....
Cllr Iain Malcolm
Leader of South Tyneside Council

....
Cllr Paul Watson
Leader of Sunderland City Council

....
Paul Woolston
Chair of the North East Local Enterprise Partnership

....
Lord O'Neill
Commercial Secretary to The Treasury

Governance

1. The proposal for a Mayoral Combined Authority is subject to the final formal consent of the Combined Authority (Leadership Board), the constituent councils, agreement of ministers, and to the Parliamentary process for the necessary primary legislation (The Cities and Local Government Devolution Bill and the proposed Buses Bill) and subsequent orders. This agreement is also conditional on the outcome of the Spending Review.

2. The Mayor will be the Chair and a Member of the North East Combined Authority and subject to the Authority's Constitution and associated procedures (to be amended in the light of the introduction of a Mayor). The powers contained in this deal document will be devolved from Government to the Mayoral Combined Authority. The Mayor will exercise certain powers with personal accountability to the electorate, devolved from central Government and set out in legislation:

   - Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the Spending Review
   - Responsibility for franchised bus services and, through Rail North, franchised rail services, contributing to the delivery of smart and integrated ticketing across the North East.
   - Powers over strategic planning, including the responsibility to create a North East Planning Development Framework and to chair a new North East Land Commission to release land for development.
   - Powers to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap.

3. The North East Combined Authority (NECA), working with the Mayor, will receive the following powers:
   - To create a North East Combined Authority Investment Fund, bringing together funding for devolved powers and used to deliver a 15 year programme of transformational investment in the region.
   - Control of a new £30 million a year funding allocation over 30 years, to be included in the NECA Investment Fund and invested to boost growth.
   - Joint responsibility for an Employment and Skills Board, that will undertake a comprehensive review and redesign of the post-16 education, skills and employment support system in the North East, delivered through the area-based review of post-16 provision, devolution of adult skills funding by 2018/19 and co-design by Government and NECA of employment support for harder-to-help claimants
   - Responsibility for a devolved approach to business support from 2017, including further responsibility for UKTI export advice services, to be developed in partnership with Government.
   - Joint responsibility for the rollout of broadband across the North East.
   - Increased devolved responsibility for rural growth.

4. Other members of the North East Combined Authority Leadership Board (to be renamed as a Cabinet) will become portfolio leads for the Combined Authority's responsibilities, on the basis to be set out in its Constitution, and take on delegated powers as agreed with the Mayor. Cabinet portfolios will be established for all leaders, building on the existing arrangements established within the Combined Authority.
5. The Mayor for the North East will be elected by the local government electors for the areas of the constituent councils of the North East Combined Authority. Subject to parliamentary time allowing for the passage of legislation through parliament, the first election will be held in May 2017.
6. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. All members including the Mayor will have one vote. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, unless otherwise set out in legislation. Decisions by the Combined Authority should have the support of the Mayor, unless set out otherwise in the Authority's Constitution, or specifically delegated to Cabinet members. The Cabinet will examine the Mayor's draft annual budget, plans and strategies and will be able to amend them if two-thirds of the members who have been appointed by the constituent authorities agree to do so.
7. The Overview and Scrutiny arrangements currently established for the Combined Authority will be retained, subject to any amendments required to reflect the introduction of the Mayor and any new statutory provisions.
8. Any transfer to the Combined Authority or Mayor of existing powers or resources currently held by the constituent authorities must be by agreement, unless set out in legislation.
9. The Combined Authority will work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.
10. Arrangements will be made to ensure a strengthened role for business working with the Mayor and Combined Authority.

Finance and Funding

11. Future funding outcomes under this agreement should take account of:
    a. The scale of opportunities presented in the overall devolution portfolio.
    b. Ensuring the North East is not disadvantaged in relation to the fiscal freedoms granted to the Scottish Government.
    c. Ensuring the North East does not suffer disproportionately from future reductions in funding through a fair funding settlement.
    d. The ability for the Combined Authority to bid into any additional resources that become available over the 15 year period, on a fair and equitable basis.
12. The North East Combined Authority will create a fully devolved funding programme covering all budgets for devolved functions ("The North East Investment Fund"), accountable to the Combined Authority. The Fund will operate as a single programme,

bringing together resources for economic growth, skills and employability, regeneration, transport and housing; including allocations from the Local Growth Fund.

13. The Combined Authority will use the North East Investment Fund to deliver a 15 year programme (2016-2031) of transformational long-term investment. A minimum commitment of capital and revenue spending from Government will be set by agreement through the Spending Review.

14. As an initial allocation to the Investment Fund, an allocation of £30 million a year for 30 years (2016-46) in revenue funding for capital financing and other costs will be made, allowing the North East Combined Authority to create an investment fund up to £1.5 billion, subject to 5-yearly gateway assessments to confirm the investment has contributed to national growth. In addition, the Mayor will be given the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community through the local enterprise partnership, up to a cap. In the North East this could provide up to an additional £30 million a year in revenue funding to double the size of the Fund.

15. In addition, the North East will bring forward a proposal for consideration by Government for a single allocation of the Local Growth Fund to support a programme of investment, including an element of flexible revenue funding, committed over a 5 year period, and devolved to the Combined Authority.

16. The costs of the Mayoral Combined Authority will be met from within the overall resources devolved to the Combined Authority.

17. Where functions are agreed to be devolved or to be jointly accountable, the Spending Review will identify a fair level of revenue funding for those functions over the Spending Review period, in the form of a place-based funding settlement for the North East Combined Authority.

18. Within its powers and resources, the Combined Authority will have full flexibility, without reference to government departments, to:

    a. Make multi-year commitments to projects and programmes

    b. Secure substantial private and public sector leverage

    c. Vire resources between projects and programmes, and across financial years

    d. Use capital receipts from asset sales as revenue funding for public service transformational initiatives.

19. The Cities and Local Government Devolution Bill currently in Parliament makes provision which will govern further prudential borrowing for Combined Authorities. Following Royal Assent, Central Government will work with the Combined Authority to determine how these powers could apply within a framework of fiscal responsibility and accountability to the Combined Authority and local authorities.

20. The North East will receive additional Enterprise Zones and/or extension of existing zones, subject to the current bidding round for further Enterprise Zones.

21. The Combined Authority and Government will pilot a scheme which will enable the Combined Authority to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial period

of five years. Government and the Combined Authority will also discuss wider localisation of business rates.

22. The Government agrees to delegate to the North East Combined Authority project selection powers for the European Regional Development Fund and the European Social Fund. The Combined Authority will be granted Intermediate Body status to deliver these delegated powers. This will allow the North East to integrate and align investments with other aspects of the devolution deal, to select projects for investment, to improve performance and maximise economic impact. The Government will work with the Combined Authority to agree the detail of this delegation and, subject to agreement, it is expected to begin from April 2016.

23. Government will ensure fair funding for the constituent authorities, and the Combined Authority will publish an annual report setting out the overall extent of, and prospects for, public funding within its area.

Human Capital Development

24. The North East Combined Authority will create an integrated employment and skills system tailored to the specific needs of the area, and thereby raise labour market participation and skills at all levels, to increase productivity, improve the life chances of young people, help people into work and meet the skills shortages experienced by North East employers.

25. This process will be overseen by an Employment and Skills Board with dual accountability to both the North East Combined Authority and to Government. The Board will bring together relevant senior representation from the Combined Authority; the Department for Business, Innovation and Skills; Department for Education; Department for Work and Pensions; the Regional Schools Commissioner (with their agreement); appropriate representation from business; and, HM Treasury. The Board will be chaired by the Commercial Secretary to the Treasury, Lord O'Neill.

26. The Board will:

    a. Undertake a comprehensive review and redesign of the post-16 education and skills system and employment support for harder-to-help claimants in the North East. This will encompass the current area-based review of post 16 education and training institutions. The Board will subsequently evaluate the strategic fit and effectiveness of this system in meeting the future needs and demands of the local labour market.

    b. Facilitate the full devolution to the Combined Authority of the 19+ adult skills budget, at the latest by 2018, subject to agreement on readiness to take on these responsibilities.

    c. Develop key local strategies and plans for post-16 learning provision.

    d. Collaborate to maximise the opportunities within the North East presented by the introduction of the apprenticeship levy and any annual underspends within the national Employer Ownership of Skills pilot programme (subject to the Spending Review).

    e. Actively stimulate, promote and champion initiatives that seek to strengthen and deepen partnerships between education and business to provide a focus upon economically-driven activity, such as vocational training (including 19+ apprenticeships and traineeships); experience of work; and, enterprise learning.

f. Facilitate joint responsibility between Government and the Combined Authority to co-design the future employment support from April 2017 for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.

g. Examine the case for further devolution of employment and skills powers and budgets and bring forward proposals to government for potential transfer of accountability to the North East Combined Authority, in time to implement any resulting reforms by April 2019.

27. The Combined Authority will create a Service Transformation Fund, to support early intervention to support individuals and families with complex needs, to reduce high dependency on public services and support economic participation, supported by a data sharing agreement and other measures to promote the integration of local public services.

Supporting and Attracting Business and Innovation

28. The North East Combined Authority will simplify and strengthen the support available for business growth, innovation and global trade in the North East in order to create more and better jobs. To deliver this commitment:

a. Working within the scope of existing contracts (2015/16 and 2016/17), the Government will work with the North East to align the Business Growth Service and other national services with local business support through its Growth Hub, to give businesses a joined-up, simplified service that meets their needs. The North East will take full responsibility for a devolved approach to business support from 2017 onwards.

b. The Government and North East Combined Authority will work to devolve further responsibility for UK Trade and Investment (UKTI) Export Advice services. This will include ring-fencing and a dual key approach to activities, and enhanced reporting on outputs and outcomes by UKTI.

c. Government and the Combined Authority will take joint responsibility for the delivery of inward investment into the region. There will be a strengthened partnership between locally delivered services and UKTI, with a quarterly board to follow-up on progress. The Government will consider the case for creating a Northern Powerhouse hub for foreign investment, in discussion with key partners including the North East. This approach will be focused on maximising high level jobs and long-term economic impact.

d. Government will offer the Combined Authority expert advice and support to put forward a strong proposal for a science and innovation audit. The audit would allow the Combined Authority to work with its universities and businesses to map the strengths of the North East. This would provide a new and powerful way to understand the region's strengths and how to maximise the economic impact from the UK's research and innovation investment nationally. The audit would, for example, provide Government with part of the evidence base on which to make decisions on any further catapults and could be used to explore the North East's potential in smart data.

29. Government and the Combined Authority will agree a joint programme to create the right environment to drive the commercial rollout of ultrafast broadband following successful testing and to ensure 4G services are available to at least 95% of the North East's population. Government will also support the Combined Authority to reinvest funds into creative solutions to supply superfast broadband to remaining premises. The Combined Authority will work with businesses and universities in the North East to develop applications for 5G technology.

30. The Combined Authority will commission a feasibility study into the establishment of a National Smart Data Institute in the North East.

Health and Social Care Integration

31. The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area, in order to improve outcomes and reduce health inequalities. It will report by Summer 2016. Terms of reference, agreed between the Combined Authority and NHS England, are attached.

32. The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution. The commission will build on best practice, including pioneer status, and the experience of integration in Northumberland.

More and Better Homes

33. The Combined Authority and its constituent authorities will support an ambitious target for the increase in new homes, and will report annually on progress against this target. To ensure delivery of this commitment, the Combined Authority and Government agree to:
    a. Establish a North East Land Board to review all land and property held by the public sector, and all suitable brownfield land, to identify surplus land in suitable locations for housing or economic development use.
    b. Devolve statutory planning powers, including Compulsory Purchase Order powers and those powers available to the Homes and Communities Agency. These powers would be exercised, where needed, by the Mayor, with the consent of the Combined Authority and member(s) appointed to the Combined Authority by the relevant local authority in which the powers are exercised, to drive housing delivery and improvements in the stock of housing in the North East.

c. The creation of a North East Planning Development Framework (not a regional spatial strategy) led by the Mayor, to enable the constituent authorities to deliver on housing growth. This will create an overarching framework for development in the North East, delivering the National Planning Policy Framework according to the specific needs of communities in the North East, supporting local development frameworks, and incorporating the duty to cooperate between the constituent local authorities.

d. Support effective close working between the Housing and Communities Agency and the Combined Authority to ensure a focus on delivering housing on growth sites within the region.

Transport

34. The Mayor and the Combined Authority, will create the UK's first fully integrated transport system, with the ambition to bring together responsibilities for rail, local highways, metro, buses and ferries, for both urban, sub-urban and rural communities. To achieve this ambition:

   a. The Government is bringing forward legislation, as part of the Cities and Local Government Devolution Bill, to allow for the devolution of transport powers and funding to the Combined Authority to be exercised by the Mayor.

   b. Specific delivery arrangements will reflect the particular transport needs and challenges of areas within the region, including the option for the Mayor to delegate specific responsibilities to the Combined Authority or individual Cabinet members, for example over rural transport.

   c. Government will devolve a consolidated local transport budget with a multi-year settlement to be agreed at the Spending Review, including all relevant local highways and sustainable travel funding.

   d. Government will consider establishing and devolving a long-term funding programme to support investment in the Metro. This will include, :

      a. Considering, through the spending review, setting a multi-year funding allocation for Metro reinvigoration phase 2, committed up to 2020-21,

      b. The Combined Authority producing a business case, for consideration by Government, for investment in the Metro network to 2030, including the upgrade of the Metro fleet , potential expansion, and future integration of the Metro with the rail network.

   e. Rail North will, in partnership with DfT, assume full responsibility for oversight of the Northern and TransPennine Express franchises from April 2016, with the aim of delivering further improvements in rolling stock quality, frequency and quality of services, and new connections. As part of this arrangement, the Mayor and Combined Authority, with Tees Valley, Cumbria and North Yorkshire, will oversee rail matters included within the North East Business Unit area. As part of this, the Combined Authority and Government will consider a business case for the re-establishment of passenger services on the Ashington, Blyth and Tyne line.

f. Longer-term, the Mayor and the Combined Authority, will bring forward a business case, for consideration by Government, for the unification and full devolution (beyond the forthcoming Northern franchise) of the management of rail and metro services within the North East, with the aim of creating the UK's first integrated regional rail network combining light and conventional rail.

g. The Mayor and the Combined Authority will deliver a fully multi-modal smart ticketing and transport information network across the North East, aligned with the plans of Transport for the North on the implementation of integrated smart ticketing across the North.

h. The Combined Authority will take forward, in accordance with the quality contract process, its existing proposals for the franchising of bus services from 2017, with the ambition for further extension to communities in Durham and Northumberland. Government will work with the Combined Authority to support the delivery of effective bus services in the North East, with the option for the Mayor to use additional powers through the Buses Bill, subject to necessary legislation and local consultation.

i. On strategic, inter-regional transport issues and investment, DfT, Network Rail, Highways England and HS2 will continue to work with the North East Combined Authority and Mayor through Transport for the North, which will be put on a statutory footing by 2017.

j. To support better integration between local and national networks, the Government and the North East Combined Authority will enter into joint working with Highways England and Network Rail on operations, maintenance and local investment through a new joint agreement on the delivery of investment and operations, which will be established by 2016.

Rural Growth and Stewardship

35. Government will support the existing North East Rural Growth Network and approved LEADER programmes, and will work towards the devolution of rural growth programmes to the North East, including closer coordination of future stewardship and environmental programmes, to a timetable to be agreed by 2016.

36. The Government will explore with the Combined Authority and Northumberland National Park Authority the options to give the Park Authority greater commercial freedom.

Regulatory Powers

37. Government and the Combined Authority will review which regulatory and planning powers that are currently held by ministers and public authorities should be transferred to the Combined Authority, to be exercised with the agreement of, or following a proposal from, the constituent authority or authorities in which those powers are applied. The powers to be reviewed include those that:

a. support the Combined Authority's transport, regeneration and housing functions;

b. promote safe and high quality neighbourhoods and town centres;

c. support housing growth;

d. support improvements in the quality of housing and challenge poor quality landlords; and

e. promote public health by addressing obesity, smoking and substance misuse.

Events

38. The Combined Authority will work with the Government to identify ways for the North East to play a major role in the UK's programme of business, cultural and sporting events.

Other areas

39. This deal represents a first step in a progressive process of devolution of funding, powers and responsibilities to the North East. As well as the areas set out in this deal, the Combined Authority and Government will consider further opportunities for devolution, including but not limited to:

a. Business cases for the relocation of significant government functions from London to the North East;

b. Devolution of funding and assets held by central government which could be devolved to support faster housing and regeneration;

c. Devolution of climate change initiatives, support for investment in energy efficiency and technological development;

d. Measures to implement the Prime Minister's commitment to protect Newcastle Airport from the impact of devolution of Air Passenger Duty to Scotland;

e. Opportunities for joint initiatives between the North East and Scotland, in areas such as tourism, culture, transport and industrial collaboration.

f. Proposals for an appropriate relationship between the functions of a Mayor and future role of the Police and Crime Commissioners, including in relation to fire services, to be developed, subject to local consent and a business case developed jointly by PCCs and council leaders, and in consultation with the Fire and Rescue Authorities.

Delivery, Monitoring and Evaluation

40. The North East Combined Authority will work with the Government to develop an agreed implementation, monitoring and evaluation plan in advance of implementation, which sets out the proposed approach for evaluating the impact of devolution.

41. The North East Combined Authority and Government will agree a process to manage local financial risk across local public bodies and will develop written agreements to agree accountability between local and national bodies on the basis of the principles set out in this document.

42. The provisions of this deal will be monitored by a Steering Group of senior officials from the Combined Authority and Government, meeting at least quarterly, with any issues of concern escalated to Ministers and Leaders to resolve, in keeping with the letter and spirit of this deal.

north east combined authority

NHS England

NE COMBINED AUTHORITY AND THE NHS

COMMISSION ON HEALTH AND SOCIAL CARE

TERMS OF REFERENCE

The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area[1], in order to improve outcomes and reduce health inequalities.

The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution.

Membership will be determined by agreement, and include representation from the Department of Health, NHS England, the Combined Authority, Clinical Commissioning Groups, the Voluntary and Community Sector, and Providers.

The Commission will produce a report, by Summer 2016, setting out the case for further devolution and integration, and the steps that would be required to deliver them, with a view to:

- Ensuring that the system is financially sustainable, with a clear and credible plan, by identifying areas for investment of the North East's fair share of the additional resources available for the NHS, demonstrating how efficiencies can be secured through integrated delivery of services and service transformation, and reinvesting savings to improve health outcomes.

- Establishing a mechanism for the North East to input into decisions about the use of NHS capital investment in the area.

- Advising on which additional services commissioned by NHS England might be suitable for either co-commissioning with CCGs or for devolution, driven by a principle of subsidiarity.

- Setting out a plan for improvement of public health outcomes across the North East, narrowing health inequalities within and beyond the region.

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[1] "North East" in this context means the area covered by the North East Combined Authority (Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland).

- Establishing a close link with the Combined Authority's proposals for devolution of human capital development, in particular measures to address worklessness and inequality; assessing the feasibility of options for the devolution of powers to address public health challenges, including obesity, smoking and substance misuse; and linking to plans for innovation and economic growth.

- Proposing the most appropriate governance mechanism for devolution or joint accountability arrangements for any aspect of NHS spending, commissioning and performance management which the Commission recommends are devolved.

- Establishing the basis for democratic, legal and financial accountability to local leaders and communities and to NHS England, ministers and parliament.

- Developing an appropriate joint management regime between councils and NHS partners, effective operational and risk management arrangements, and a clear plan and timeline for transition.

- Ensuring that service delivery operates on the basis of subsidiarity, with local partnerships meeting the diverse needs of local communities on the basis of clear locality plans executed within an agreed framework.

- Recognising interdependencies and involving health and social partners in surrounding areas which would potentially be affected, or where there is potential benefit from delivering services in partnership.

- Identifying opportunities to accelerate progress in implementing the Five Year Forward View, building on existing initiatives.

In recognition of the progress already made towards integration and new models of care by particular areas in the North East, the Commission may make recommendations that allow for a faster pace of change in areas that have already made significant progress.

Any resulting devolution proposals will need to be formally agreed by the Combined Authority and either the NHS England Board (thereby ensuring consistency with NHS England's principles and criteria for devolution) or, depending on the nature of the proposal, the Department of Health.

APPENDIX 3

Summary of consultation on NECA

The proposed devolution agreement, signed in October 2015 by the Combined Authority and Government was subject to a number of conditions prior to being considered and accepted by the seven local authorities and combined authority. A key condition was consultation.

Approach to Consultation

Consultation and engagement has informed the development of the North East Combined Authority (NECA) and the development of the priorities and key areas in the proposed Devolution Agreement. Consultation has taken place at three key stages, involving a wide range of stakeholders at both regional and local authority levels.

Stage One: Stakeholders including the public were consulted about the creation of a North East Combined Authority during December 2013 and January 2014.

Stage Two: In January 2015, the NECA Leadership Board developed outline proposals for potential devolution themes to discuss with Government and stakeholders. These were consulted upon in March 2015.

Strong support (97%) for the broad principle of devolution was identified through a range of methods including local and regional facilitated events, a questionnaire and the opportunity to submit comments in writing or online. Participants were asked for the views on whether the proposed priority areas were the right areas to concentrate on, if there were any areas missing, and how would they like to be involved in the work of the NECA in the future.

More than 290 people attended seven events held across the NECA area, with the highest turnout in Durham of 80 people participating in facilitated discussions. 101 people from the NECA area completed written responses and online responses were received via the NECA website. In addition, meetings were held with regional stakeholders and North East MPs and House of Lords members.

Stage Three: Following signing of a proposed devolution agreement in October 2015, consultation took place between November 2015 and February 2016 both at regional and local authority area.

This included providing people with information and the opportunity to consider the content of the proposed agreement, ask questions and make informed comments. Participants were asked for their views on whether the proposed agreement focused on the right issues to drive growth in the North East, if there were any key areas to be included in the next round of discussions with government, how they saw their role in implementing the proposals and what would they want to discuss in more detail at future events.

Consultation opportunities were publicised through press releases, local authority websites and social media.

As with previous consultation, the highest turnout was in County Durham with 172 people attending the event held at County Hall. This was supplemented by the participation of 85 businesses at an event hosted by Business Durham at the Gala Theatre in January 2016. Durham residents and organisations also participated in the wider thematic consultation held at a NECA area level.

The remainder of this appendix provides a summary of the outcomes of the Stage 3 consultation, with particular emphasis on the Durham response. It identifies the key themes, level of support, considerations and concerns raised. Consultation methods included:

- A facilitated consultation event at County Hall - part of a series regionally
- NECA website and online consultation
- Business Durham event at the Gala Theatre
- Additional meeting at Teesdale Area Action Partnership

Facilitated Consultation - Durham County Hall

Local consultation events were hosted across the NECA area, the Durham event, held on 9 November 2015, was attended by 172 people. Following presentations on the draft proposals negotiated with Government, facilitated discussions took place. These provided participants with the opportunity to consider the information, discuss, ask questions and make informed comments.

The outcomes of the Durham event strongly reflected regional outcomes and themes, showing broad support for the proposed agreement. Significant to Durham was discussion about rural inclusion and the need to give careful consideration as to how those services that would work across two Combined Authority areas might be impacted.

When asked 'Does the proposed agreement focus on the right issues to drive growth in the North East?' discussions indicated broad agreement and support and the following key issues emerged.

a) **Governance:** There was wide discussion about the future governance arrangements of NECA and the role of the mayor. Discussions stressed the need for clarity regarding scrutiny and monitoring, the balance of power and decision making in Combined Authority. Questions were raised about the selection and election of the mayor as well as the future cost of the mayor and its administrative office.

b) **Finance and Funding:** The impact and usefulness of receiving £30m per annum for 30 years covering seven local authority areas was discussed. In particular it was highlighted that this needed to be considered in relation to the ongoing budget reductions across the region. The need for clarity as to how funds would be allocated fairly, including the needs of rural areas was stressed.

c) **Business:** Discussions stressed the need to focus on economic growth including encouraging enterprise, inward investment and innovation. The need to have a clear relationship with the LEP was also stressed.

d) **Employment, skills and education:** Ensuring a range of employment opportunities at all levels exist across the area. The need to review and reorganise post-16 education and apprenticeships was highlighted, as well as the need to ensure that pre-16 education meets business needs and future employability. The key link between transport network and access to work and training was also highlighted.

e) Health and Social Care: There was strong agreement that health and social care should be a priority. The governance of the (then) proposed Health and Social Care Commission was discussed including how various partners will be able to influence and shape the direction and decisions.

f) **Engagement and communication:** Engagement and communication was a key issue in Durham, stressing the need to raise awareness of the Combined Authority amongst the public and ensure that there are continued opportunities for people to be heard. Bottom up engagement is valued and there should be a continued dialogue and with clear, simple and impartial messages.

Participants were asked what they saw as their role in the implementation of the proposals. It was suggested that the following stakeholders need to be involved.

- The Voluntary Sector
- Partners such as health, police, fire service, universities
- Town and Parish Councils
- Trade unions
- Young people
- In Durham, Area Action Partnerships

g) **Boundaries and Geographical issues:** The boundaries of the combined authority were discussed, including the size and diverse needs of the area as well as the urban and rural mix. In particular, the issue that the combined authority boundary is not coterminous with organisational boundaries such as Fire and Police in Durham was a concern.

h) **Additional Areas**: Participants were asked to identify additional areas for future discussions with Government about extending devolved powers. The key areas identified were culture and tourism, which it was stressed, should feature as an element in the agreement given its key economic role. There were also some suggestions that the environment and housing should be included as key themes.

The Business Durham Event

Over 85 businesses attended the Devolution Business Event held at the Gala Theatre, Durham on 26th January 2016 which included a presentation on the proposals followed by a question and answer session.

A broad range of questions covering key areas such as targeted investments, business growth and engagement, skills development, the Mayor and governance arrangements, rurality and the need to ensure the NECA does not lose sight of the region's wider connectivity and opportunities were highlighted by attendees. The overall tone of the meeting was in support of the agreement with the majority of those who raised questions indicating their enthusiasm for the potential offered by the proposals.

Teesdale Action Partnership Event

A devolution consultation event attended by 36 members of the public was hosted by Teesdale Action Partnership on 1 February 2016. The event included a presentation on the proposals followed by a question and answer session.

There were a broad range of questions raised by attendees, these covered areas such as how the proposed deal could benefit County Durham, links with neighbouring areas such as Cumbria and North Yorkshire, and the scope for future negotiations and options open to the county council. The impression from the meeting was attendees felt there were a range of factors that would need to be addressed if the agreement was to go ahead.

VONNE (Voluntary Organisations' Network North East) Regional Event

VONNE in partnership with NECA hosted a consultation event on 18 January 2016 at Mea House which was attend by 62 organisations to discuss devolution proposals with the voluntary, community and social enterprise (VCSE) sector. The event was attended by a number of organisations that are based and operate in County Durham. The format was presentations followed by roundtable discussions with opportunity for the VCSE to feed back. There was broad support for the proposal and priorities.

The strong themes emerging from the voluntary sector included:

- The Health and Social Care Commission was discussed and the sector felt it was important that it should be involved in its work.
- The need for continued dialogue, ongoing communications and simple and clear messages. This should include bottom up grass roots engagement.
- The need to review and reorganise post-16 education and apprenticeships was highlighted, as well as the need to ensure that pre-16 education meets business needs and future employability.
- Boundaries in relation to other Combined Authority and potential issues for health, fire and police.
- Working collaboratively could counter balance budget reductions.

The NECA regional online consultation and comments

92 people used the opportunity to respond to the questions posed at the events through a reginal online questionnaire on the NECA website.

It is not possible to attribute local authority areas to the responses.

The responses were diverse however similar strong themes emerged which reflect the outcomes of the other consultation methods. These include:

- A strong agreement that the proposal could encourage inward investment, enterprise and innovation to support growth
- The need to look at an integrated transport infrastructure including rural areas and single ticketing with a regional coordinating body
- The additional areas suggested for future consideration were culture and tourism as well as the environment.

In relation to governance, there was significant support for ensuring robust scrutiny and monitoring. Also mentioned was the need to clarify the relationships with other levels of government such as local authorities, parish or town councils and central government.

The importance of grass roots bottom up engagement was stressed as well as the importance of local consultations such as the Durham poll.

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Appendix 4

DURHAM COUNTY COUNCIL
NORTH EAST COMBINED AUTHORITY DEVOLUTION POLL

Our report for the above consultation which closed at 5pm on Monday 8th February 2016 is as follows:

Number of eligible participants:		377,110
Responded by post: Responded online:	75,163 6,801	
Total number of responses received:		81,964
Turnout:		21.7%

Question 1

Number of responses found to be invalid:	371
Total number of valid responses to be counted:	81,593

The Devolution Deal would mean that more decisions about spending on public services would be made in the North East, rather than by the Government in London. Do you think that devolving some power and resources to the North East would:

Be a step in the right direction?	48,588	(59.5% of the valid responses)
Make little or no difference?	16,268	(19.9% of the valid responses)
Be the wrong thing to do?	12,120	(14.9% of the valid responses)
I don't know	4,617	(5.7% of the valid responses)

Continued…

Question 2

Number of responses found to be invalid:	1,088
Total number of valid responses to be counted:	80,876

If we agree the Devolution Deal we would have to have a North East Elected Mayor. The Mayor would be directly elected by voters across the North East area and would chair the Combined Authority, made up of Council Leaders. It's not yet clear how powerful the Mayor would be. If the Deal goes ahead, how powerful should the Mayor be? Do you think the Mayor should be someone who:

Has quite a lot of power and influence – perhaps coming to be seen as someone who represents the voice of the North East area?	32,611	(40.3% of the valid responses)
Has limited power and influence – someone who chairs the Combined Authority but does not have a major role representing the area?	38,648	(47.8% of the valid responses)
I don't know	9,617	(11.9% of the valid responses)

Question 3

Number of responses found to be invalid:	583
Total number of valid responses to be counted:	81,381

The Devolution Deal would only cover some issues – some aspects of business support, post-16 education and training, transport, and housing. If the Deal does go ahead, do you think we should then try to get additional powers and resources devolved to the North East?

No, I wouldn't want to see more devolution	18,235	(22.4% of the valid responses)
I'm not sure – it depends, let's wait and see	34,909	(42.9% of the valid responses)
Yes, I would like to see more devolution	22,992	(28.3% of the valid responses)
I don't know	5,245	(6.4% of the valid responses)

Continued…

The Election Centre, 33 Clarendon Road, London N8 0NW
Tel: 020 8365 8909 | Fax: 020 8365 8587
www.electoralreform.co.uk | enquiries@electoralreform.co.uk

Question 4

Number of responses found to be invalid:	537
Total number of valid responses to be counted:	81,427

The Devolution Deal is intended to improve our economy and create more and better jobs. But do you think it will make much difference? If the Deal does go ahead, do you think it will:

Help to bring more prosperity and more jobs to County Durham?	33,000	(40.5% of the valid responses)
Have little or no impact on prosperity and jobs in County Durham?	29,475	(36.2% of the valid responses)
Lead to less prosperity and fewer jobs in County Durham?	7,405	(9.1% of the valid responses)
I don't know	11,547	(14.2% of the valid responses)

Electoral Reform Services can confirm that, as far as reasonably practicable, every person whose name appeared on the electoral roll supplied to us for the purpose of the consultation:-

a) was sent the details of the consultation and
b) if they chose to participate in the consultation, had their response fairly and accurately recorded.

All consultation material will be stored for six months.

Yours sincerely

p.p Simon Hearn
Deputy Chief Executive

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County Council

24 February 2016

Co-opted Members to the Audit Committee

Report of Corporate Management Team
Don McLure, Corporate Director Resources

Purpose of the Report

1 To seek Council approval on the appointment of two new co-opted Members to the Audit Committee.

Background

2 On 10 December 2007 the Audit Committee agreed to appoint two co-opted non-voting members to the Audit Committee for a three year fixed contract. The co-options accorded with CIPFA's "Audit Committees: practical guidance for local authorities".

3 Following an advert in the press inviting applications, prospective candidates were interviewed, and two co-opted Members were appointed.

4 Their appointments were due to expire on 28 February 2011, however Council agreed extensions to their contracts until 30 April 2016. It is on this basis that we are now seeking to appoint two new co-opted members to the Committee.

5 It is suggested that advertisements be made in the local press and on the council's website to seek candidates to fill the two positions, and for the appointments to be made by the Corporate Director, Resources in consultation the Chairman and Vice-Chairman of the Audit Committee, and for any vacancies that arise within their three year term of office that appointments be made through this same procedure.

Recommendation

6 (i) That the Council agree to the appointment of two new non-voting co-opted members to the Audit Committee for a three year period from 1 May 2016.

(ii) That the Corporate Director, Resources in consultation with the Chairman and Vice-Chairman of the Audit Committee be given authority to:-

- make appointments of the two non-voting co-opted members;
.
- make arrangements to fill any vacancies that arise within their three year term of office should either, or both the newly appointed co-opted members resign.

Contact: Ros Layfield, Committee, Member & Civic Services Manager 03000 269 708

Appendix 1: Implications

Finance- Travelling and subsistence costs of the successful applicants in attending meetings/ training events of the Audit Committee will be paid. Advertising and printing costs can be met from within existing budgets.

Staffing- None specific in this report

Risk- None specific in this report

Equality and Diversity/ Public Sector Equality Duty-
A recruitment process would be carried out in accordance with the Council's recruitment procedure.

Accommodation- None specific in this report

Crime and Disorder- None specific in this report

Human Rights- None specific in this report

Consultation- None specific in this report

Procurement- None specific in this report

Disability Issues- A recruitment process would be carried out in accordance with the Council's recruitment procedure.

Legal Implications- None specific in this report

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