RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on. **Wednesday 18 October 2017.**

The decisions will come into force and may be implemented from 30 October 2017 unless the Corporate Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Medium Term Financial Plan (8), Council Plan, Service Plans 2018/19-2021/22 [Key Decision: CORP/R/17/02]

Summary

The Cabinet considered a joint report of the Corporate Director of Resources and the Director of Transformation and Partnerships which provided an update on the development of the 2018/19 Budget, the Medium Term Financial Plan (MTFP(8)) and Council Plan / Service Plans 2018/19 to 2021/22.

The Chancellor of the Exchequer's 8 March 2017 Budget reported a deterioration in the public finances. It is forecast that the national deficit in 2017/18 could be higher than in 2016/17. The government has announced that the Autumn Statement will be published on 22 November 2017 and it is expected that it will confirm that the national finances will not achieve a surplus until at least the mid 2020's. There is also significant uncertainty over the impact of Brexit and the impact on local government.

The former coalition government were working towards the introduction of 100% Business Rate Retention for local government with a forecast implementation date of 2019/20. The required legislation for this policy was not included in the 2017 Queens Speech. It is not clear at this stage if this policy will be implemented. The government has confirmed that the Fair Funding review which was an element of the 100% Business Rate Review process will continue. The output from the Fair Funding Review could result in significant impact upon the resources available to individual Councils depending on Governments approach to allocating funding by formula.

The government has also announced a review into Social Care funding. It is expected that this review could influence the Better Care Fund, the Adult Social Care precept and the Public Health Grant. Any reduction in these income streams would have a significant impact on the Councils resources.

All of these uncertainties considered alongside the possible impact of new policies from the government generate significant complications and areas of uncertainty in developing plans for MTFP(8). Through prudent planning the council has a reserve

position to assist in supporting the budget during this significant period of uncertainty.

The MTFP(8) model has been updated assuming no further government funding reductions beyond 2019/20. There is a risk that these assumptions will not prove to be correct however a based on this position, savings required over the period are forecast to be £37 million.

The achievement of an additional £37 million of savings over the next four years will be extremely challenging. The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions. By the end of this financial year, the Council will have made savings of £209 million and achieving further savings in managerial and back office efficiencies is extremely difficult. At this stage, the total savings required to balance the 2018/19 budget amount of £15.3 million. Savings plans of £14.8 million were detailed in the report. It is currently forecast that £0.5 million of the Budget Support Reserve(BSR) will be utilised to balance the 2018/19 budget.

The savings, which were detailed within the report will be considered as part of the MTFP(8) budget consultation process which will focus on the Area Action Partnerships (AAPs).

Decision

The Cabinet:

a) noted the £14.8 million of 2018/19 savings identified at this stage for consultation;

b) noted that at this stage it is forecast that £0.5 million of the Budget Support Reserve would be required to be utilised to balance the 2018/19 budget;

c) noted the savings recommended in Appendix 2 of the report also realise savings of £2.445million and £1.383million in 2019/20 and 2020/21 respectively;

d) noted the requirement to identify total savings of £37.4 million for the period 2018/19 to 2021/22;

e) noted the forecast MTFP(8) savings shortfall of £18.8 million;

f) agreed the approach to preparing the Council Plan and Service Plan;

g) agreed the approach outlined for consultation;

h) noted the initial equality analysis in this report and in individual Equality Impact Assessments in the Members' Library and also agree the proposals to build equalities considerations into decision making.

Transformation Programme

Summary

The Cabinet considered a report of the Director of Transformation and Partnerships which informed Cabinet of progress in the Council's Transformation Programme, since the last Cabinet report in December 2016. The report also set out the main elements of the programme for the next three years.

Cabinet received a report in December 2016 setting out the initial approach to the Council's Transformation Programme. The report highlighted that Durham County Council has been on a continual programme of change since its inception as a Unitary Council in 2009 with notable success in forming the Council and providing good quality public services. This has been achieved whilst simultaneously dealing with significant budget reductions escalating to over £209m pa, and reductions in staffing levels of over 2500 FTE posts.

The report set out the four outcomes of the programme:

- Redesign services to better meet customers' needs at reduced cost to the Council.
- Help communities become more self-reliant and resilient
- Move partnership working from good to great
- Become renowned for a skilled and flexible workforce and employee engagement.

The report further highlighted that whilst a number of transformational initiatives, such as the Inspire Programme, were already in existence, further work was required to increase productivity and maintain the best possible outcomes for the people of the county in the face of continuing austerity. This would include a renewed focus on the digitisation of process with associated investment in ICT and staff training, partnership working and a series of service reviews. The report also highlighted that a deep dive exercise was being commissioned to carry out an analysis of the Council's working practices, procurement activity and business models in order to highlight further areas where savings and improvements could be made. The report provided details of the progress to date.

PWC Consulting were commissioned at the end of last year to carry out a deep dive exercise into the Council's processes. High level findings were presented to Council managers in the summer and these findings were detailed in the report. The Council reshaped its Transformation Programme to take account of PWC findings and integrated a number of new projects into the portfolio. The programme is a significant undertaking of change and it is organised through four main interlocking initiatives which are:

- The Inspire Programme
- Digital Workforce
- Digital Customer
- Service Transformations and Commercialisation

The Programme will work in a systematic way over the next three years integrating projects into a single portfolio of programmes and projects to transform the way the Council operates and to support the resilience of service provision during continued austerity.

Decision

The Cabinet:

a) Noted the contents of the report and endorsed the approach taken to transform the Council over the medium term.

b) Recommended to continue their engagement in the programme through the Transformation Board in order to provide governance for the programme and shape future high quality services.

Improved Better Care Fund (iBCF) – Update and MTFP Considerations

Summary

The Cabinet considered a joint report of the Corporate Director of Adult and Health Services and the Corporate Director of Resources which provided Cabinet with an update in respect of the Improved Better Care Fund (iBCF) allocations and proposed expenditure plans, as agreed with local Clinical Commissioning Groups (CCG's) and the impact on the Councils Medium Term Financial Planning.

The Better Care Fund (BCF) brings together ring-fenced budgets Clinical Commissioning Groups (CCG's) allocations, the Councils Disabled Facilities Grant (DFG) capital allocations and funding paid direct to the Council for adult social care services. The BCF pooled budget totals £45.7 million for 2017/18, the majority of which is funded from CCG revenue contributions. The BCF is accounted for through the Council's accounts. In the current year, the BCF allocations have been augmented with additional resources – the Improved Better Care Fund (iBCF) – initially announced in the autumn statement last year and augmented in the March budget. The iBCF allocations are additional monies payable to Councils to support the adult social care budget.

The iBCF consists of two elements – a planned allocation included in the Local Government Finance Settlement 2017/18 (£2.378 million), and additional funding for adult social care announced at Budget 2017 (£13.112 million) for 2017/18. Future year allocations for the iBCF have also been published, and projected income streams were set out in the report.

The initial planned iBCF amounts, which increase to c£23 million by 2019/20, have already been built into the MTFP to support adult social care-related activity. The additional monies announced at Spring Budget 2017 offer further opportunities to utilise funds to support social care and health priorities, and defer future savings pressures.

Whilst the additional iBCF allocations were announced in March, the grant conditions were not received until 24 April, 2017 and the detailed BCF planning guidance was not received until July 2017. Due to the late notification of these additional funds, received after the Council and the local CCG's had set their 2017/18 budgets, and the delay in receiving the planning guidance, plans have only recently been finalised. This has required detailed discussions with local CCGs.

In terms of the 2017/18 iBCF additional funding allocations, the report outlined investments which will support overall health and social care priorities across County Durham. In terms of the additional allocations for 2018/19 (c£8m) and 2019/20 (c£4m), these amounts have been built into MTFP (8) and will be utilised to delay adult care-related MTFP savings.

Decision

The Cabinet:

a) Noted and agreed the proposed spending plans for the 2017/18 additional iBCF allocation, as agreed with the CCG's.

b) Provided delegated authority to the Corporate Director of Adult and Health Services and Corporate Director of Resources in consultation with relevant Portfolio Holders and NHS/CCG colleagues to implement iBCF spending plans.

c) Noted and agreed the use of 2018/19 and 2019/20 additional iBCF allocations to support the MTFP by deferring adult care-related savings pressures.

Proposal for Changes to the Charging Policy for Non-Residential Social Care Services

Summary

The Cabinet considered a joint report of the Corporate Director of Adult and Health Services and the Corporate Director of Resources which outlined proposed changes to the Non-Residential Charging policy for individuals who receive social care services and are assessed to determine their financial contribution towards their care costs. This would bring the DCC charging policy into line with the Department of Health's national guidance.

The Council's Non-Residential charging policy was reviewed in 2011 and again in 2013 and 2016 when the following changes were implemented:

- charges for day care services were introduced in 2011/12;

- service users with savings over £23,250 were required to meet the full cost of their non-residential care services from November 2013;

- the automatic disregarding of 50% of the weekly severe disability premium (SDP) in non-residential financial assessments for all new service users seeking to receive non-residential social care services was ended with effect from 1 October, 2016 and instead individual assessments of Disability Related Expenditure were introduced, in line all other non SDP service users.

The combined impact of these changes resulted in savings of £1.7 million being delivered across the period 2011/12 and 2013/14 and further estimated £1 million of savings from the changes to SDP disregards as part of the Council's MTFP across the period 2016/17 to 2019/20.

Proposed Changes to Non Residential Charging Policy

Following a further review of the remaining discretionary elements of the Councils Non-Residential Care charging policy, potential changes to the treatment of service users in receipt of non-residential services have been identified in the use of the Minimum Income Guarantee (MIG).

When the Care Act 2014 came into force on 1 April 2015, the Department of Health prescribed the minimum amount of income a person must be left with after charging for care and support. Councils can allow people to keep more income if they wish. This is referred to as the Minimum Income Guarantee (MIG). The MIG allowances can be found in the Care and Support (Charging and Assessment of Resources) 2014 regulations.

The Care and Support Statutory Guidance provides that 'There are differences in how income is treated in a care home and in all other settings. Charging a person in a care home is provided for in a consistent national framework. When charging a person in all other settings, a local authority has more discretion to enable it to take account of local practices and innovations.' (Care Act Statutory Guidance, Annex C, par 2).
Durham County Council currently use the Minimum Income Guarantee +25% as a mechanism by which service users can be left with a basic income plus a 25% buffer. The concept of MIG +25% was originally devised by Torbay Council and at the time recommended as best practise by the Department of Health. The Department of Health has issued a circular [LAC (DH) (2017) 1], which states that the MIG allowances for 2017/18 will remain frozen to the rates first set in 2015/16.

This puts Durham in a position where it is currently applying allowances higher than those defined in DH guidance, which applies a buffer equivalent to MIG + 18.6%. This results in service users in County Durham contributing less towards their care than if the allowances set out in the Department of Health's circular were applied. A comparison of the MIG thresholds set out in the DH guidance compared to the policy that currently exists in Durham was set out in the report.

Impact of Potential Policy Change – Movement to DH Guidance

There are 6,372 service users receiving non-residential care services. Of these 4,875 (76.5%) make a financial contribution towards their care costs based on a means tested financial assessment in line with national guidance and the DCC policy framework. 1,497 (23%) of all service users currently are on zero charge because they are already on minimum income i.e. no chargeable income.

1,975 (31%) of all service users, 41% of those who make a financial contribution towards the cost of their care, currently pay for the full cost of their non-residential care services. The level of care being delivered to them is dependent on the assessed level of care needs, some will pay more if the level of their care increases.

The amount a service user pays is dependent on the level of care they receive and their financial circumstances. Two different service users, each assessed as being able to pay a maximum charge of £30 may contribute entirely different amounts on a weekly basis e.g. one may only receive 1 hr of service so pays the full cost of that 1 hr service i.e. £14.00, whereas the other may receive 60 hours of service and pay the £30 maximum contribution.

The effect of adopting a MIG allowance in line with DH LAC (2017) 1 as a disregard is best illustrated by case studies, which shows the maximum charge which could be paid currently and if the revised policy criteria was adopted. The greatest effect will be on the charges to Older People as a result of the fact that this group that have received the greatest uprating increases in benefit income compared to those people of working age over recent years. Examples were attached at Appendix 2 of the report.
The Welfare Reform Act 2012 provided for the introduction of 'Universal Credit'. Universal Credit (UC) is administered by the Department for Work and Pensions (DWP), who are responsible for leading the roll out of this project and ensuring that appropriate support frameworks are in place for claimants. The impact of the roll out of Universal Credit on service users will be carefully monitored in preparation for the start of the managed migration in 2019 and the effect on the Council's charging income further evaluated at that stage. In line with general charging principles there is the potential to consider the waiving of charges in exceptional circumstances due to severe hardship or if care management /social work staff consider a person to be at risk.

The report proposed that the Council seeks the views of key stakeholders and the wider public, including relevant disability charities and Community and Voluntary Sector groups. A 12 week consultation period would take place and a further report would be submitted to Cabinet on 14 March 2018 to enable members to make a final decision on these proposals, taking into account the outcome of the consultation. Any policy changes would be implemented 1 April 2018 for new service users.
The MTFP(8) savings proposals put forward by AHS, include an additional £0.8million of income (AHS3.2) from a further review of the discretionary elements of the Non Residential Charging Policy. Based on a strategy of applying the changes to new service recipient, it is reasonable to assume MTFP savings of c£267,000 per annum across the period 2018/19 to 2020/21 can be achieved. The savings therefore would be as follows:

Year	Savings: MIG Changes Applied to New Service Users Only [AHS3.2]
2018/19	266,667
2019/20	266,667
2020/21	266,666
	800,000

Decision

The Cabinet noted the content of the report and supported the following recommendations:

- that the consultation is undertaken on proposals to change the MIG+25% disregard and replace this with the disregards as set out in the DH guidance with this policy change applying to new service users only. This will generate c£800,000 of MTFP savings across a three year period;

- that a 12 week period of public consultation on these proposals is undertaken, with a further report on the outcome of this consultation to be considered by Cabinet in March 2018.

Transport for the North – Incorporation as a Sub-National Transport Body

Summary

The Cabinet considered a report of the Corporate Director of Regeneration and Local Services which requested Cabinet's consent to the making of Regulations by the Secretary of State to establish Transport for the North (TfN) as a Sub–National Transport Body under section 102J of the Local Transport Act 2008.

The consent of each Highway Authority within the area of each Combined Authority, which is a Constituent Authority of TfN, is required to the making of Regulations by the Secretary of State because the Regulations contain provisions giving TfN highway powers to be exercised concurrently with the Local Highway Authorities.

To address concerns about transport connectivity across the North, Local Transport Authorities and Local Enterprise Partnerships from the North of England came together in 2014 in partnership with the Department for Transport and the National Transport Agencies to form Transport for the North (TfN). TfN have developed a pan-northern transport strategy to drive economic growth in the North. The ambition of TfN is to achieve significant devolution of transport responsibilities for the North of England.

In October 2016, with the agreement of constituent authorities, TfN submitted a proposal to the Secretary of State for Transport that TfN should be established as the first sub-national transport body (STB) under the provisions of section 102E of the Local Transport Act 2008 as amended by the Cities and Local Government Devolution Act 2016. The proposal submitted by the TfN requested various powers and functions which were detailed in the report.

The Secretary of State has now formally responded to the Proposal and has indicated that he is minded to make Regulations creating TfN as the first Sub-National Transport Body with the following functions:

1. The preparation of a Northern Transport Strategy
2. The provision of advice on the North's priorities, as a Statutory Partner in the Department's investment processes;
3. The coordination of regional transport activities, (such as smart ticketing), and the co-management of the TransPennine Express and Northern rail franchises through the acquisition of Rail North Ltd.

Regulations have now been drafted to create TfN as a Sub-National Transport Body, which once passed will confer on TfN the majority of the functions and powers requested in the proposal. The proposal includes a number of Highway Authority powers. These powers relate to land acquisition for highways, the ability to enter into agreements to carry out certain highway works and the powers to construct new highways. This would allow TfN to play a coordination and commissioning role for strategic road schemes that span multiple administrative boundaries.

The highway powers were detailed in Appendix 3 of the report. It is intended that before TfN exercises any transport powers or functions it holds concurrently with any of the Constituent Authorities or Highways Authorities within the TfN area, TfN will enter into a written Protocol with the Constituent Authorities or the local Highway Authorities covering the way in which the functions will be exercised.

Before the Secretary of State can make the Regulations he must obtain consent from each of the nineteen Constituent Authorities. It is also necessary to gain consent to the granting of concurrent highway powers from each of the Highway Authorities within TfN's area. It is anticipated that the Secretary of State will send a letter to each of these Highway Authorities requesting formal consent to the making of the Regulations. It is understood that the letter will request a response before the end of October 2017.

The North East Combined Authority (NECA) has already given its consent to the making of the Regulations. However, as NECA are not a Highway Authority it is necessary for each individual Highway Authority within the NECA area to give their consent to the granting of highway powers within the Regulations.

Decision

The Cabinet formally consented under section 102J of the Local Transport Act 2008 to the making by the Secretary of State of Regulations to establish Transport for the North as a Sub-National Transport Body and giving TfN concurrent highway powers.

Helen Lynch
Head of Legal & Democratic Services
20 October 2017