



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 6 December 2017 at 10.00 a.m.** to transact the following business:-

1. To confirm the minutes of the meeting held on 1 November 2017 (Pages 3 - 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 - 18)
9. Mid-Year Review Report on Treasury Management for the period to 30 September 2017 - Report of Corporate Director of Resources (Pages 19 - 28)
10. Electoral Boundary Review - Revised proposals for new Parliamentary Constituencies in Durham - Report of Head of Legal and Democratic Services (Pages 29 - 40)
11. Motions on Notice

Councillor A Surtees to Move

This Council supports the NJC pay claim for 2018, submitted by UNISON, GMB and UNITE on behalf of council and school workers subject to the additional costs being provided for in future Local Government and associated funding settlements.

12. Questions from Members

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

Dated this 28th day of November 2017

A handwritten signature in black ink that reads "Helen Lynch". The signature is written in a cursive style with a horizontal line through the middle of the name.

Helen Lynch
Head of Legal and Democratic Services

To: All Members of the County Council

DURHAM COUNTY COUNCIL

At an Ordinary Meeting of the County Council held in the Council Chamber, County Hall, Durham on **Wednesday 1 November 2017 at 10.00 am**

Present:

Councillor B Kellett in the Chair

Councillors E Adam, J Atkinson, B Avery, A Bainbridge, B Bainbridge, A Batey, A Bell, D Bell, E Bell, J Bell, R Bell, H Bennett, J Blakey, G Bleasdale, L Boyd, P Brookes, J Brown, L Brown, C Carr, J Carr, J Chaplow, J Charlton, J Clare, J Clark, M Clarke, J Considine, K Corrigan, P Crathorne, R Crute, M Davinson, S Dunn, D Freeman, A Gardner, J Grant, O Gunn, C Hampson, T Henderson, S Henig, D Hicks, A Hopgood, K Hopper, L Hovvels, P Howell, S Iveson, I Jewell, O Johnson, P Jopling, C Kay, L Kennedy, A Laing, J Lethbridge (Vice-Chairman), K Liddell, H Liddle, L Maddison, J Maitland, J Makepeace, R Manchester, C Marshall, L Marshall, C Martin, M McKeon, I McLean, O Milburn, A Napier, J Nicholson, R Ormerod, A Patterson, C Potts, L Pounder, S Quinn, A Reed, G Richardson, S Robinson, J Rowlandson, A Savory, E Scott, P Sexton, K Shaw, A Shield, J Shuttleworth, M Simmons, A Simpson, H Smith, T Smith, J Stephenson, B Stephens, A Surtees, L Taylor, P Taylor, O Temple, K Thompson, F Tinsley, T Tucker, J Turnbull, A Watson, M Wilkes, A Willis, C Wilson, M Wilson and D Wood

Apologies for absence were received from Councillors J Allen, P Atkinson, D Brown, I Cochrane, G Darkes, N Grayson, K Hawley, S Hugill, E Huntington, E Mavin, S McDonnell, S Morrison, H Nicholson, P Oliver, J Robinson, D Stoker, S Wilson, R Yorke and S Zair

1 Minutes

The minutes of the meeting held on 20 September 2017 were confirmed by the Council as a correct record and signed by the Chairman, with the addition of the apologies recorded of Councillor H Smith.

2 Declarations of Interest

There were no declarations of interest in relation to any item of business on the agenda.

3 Chairman's Announcements

The Chairman extended a warm welcome to members from Framwellgate Moor Women's Institute who were present at the meeting. The Chairman hoped they would find their visit an interesting experience and looked forward to meeting with them after the meeting.

The Chairman also extended a warm welcome to Councillor Jude Grant who had been successful in the recent by-election for the Trimdon and Thornley Electoral Division. The Chairman hoped that Jude would find her time on the Council an interesting and rewarding experience.

Finally, the Chairman welcomed Jennifer Norman, Stuart Armstrong, Catherine Rowland, and George Nandis, who were the council's national management trainees and were observing the meeting as part of their training programme.

4 Leader's Report

The Leader informed Council that budget consultation was underway, with presentations being made to all 14 Area Action Partnerships and other community meetings, as well as consultation forms being available at meetings and online. Everyone was encouraged to take part and the Council had always involved the public in its budget decisions, after experiencing £200 million of government cuts with 2,500 fewer jobs, with this figure heading towards £250 million.

The Leader had attended consultation events at the County Durham Partnership Forum meeting in Chester-le-Street and Stanley AAP and would attend as many other AAPs as he was able to, before the consultation period ended on 1 December 2017. Cabinet, Scrutiny and Council would consider final proposals in the New Year, by which time the Chancellor will have delivered his Autumn Statement and Budget at the end of November.

Although government plans for funding post-2020 were unknown, there was a national fair funding review underway and the Council needed to ensure that its needs were fully reflected in any new funding system as well as continued equalisation to compensate for uneven council tax bases, which had been a key part of the finance system since at least World War 2. The previous coalition government began the process of dismantling this system with huge and disproportionate levels of cuts hitting northern councils in particular.

The Leader informed the Council that following the recent Unison ballot, teaching assistants had voted to accept the Council's final offer. All of the recognised trade unions had now agreed to the offer and the changes would be implemented through a local collective agreement.

The Council was now committed to moving ahead with the career progression board, with a planning meeting taking place yesterday. The Council would continue to work with recognised trade unions, teaching assistants and head teachers to consider options for progression. The Leader thanked all those involved for the work undertaken to resolve this issue.

The Leader informed Council that Anne Longfield, the Children's Commissioner for England, had completed a visit to County Durham to recognise and celebrate the work of the Council's children and young people's service, presenting a Gold Award in recognition of outstanding work during the 2016 'Takeover Challenge'. During her time in Durham the Commissioner also visited Aycliffe Secure Centre and heard from other parts of the Children and Young People's service.

Another set of parliamentary boundary proposals had been received. He pointed out that they may never see light of day because they would need parliamentary approval. County Durham would lose one and a half constituencies with Sedgefield merging with Billingham in Stockton and Durham City merging with Easington, although both of these constituencies were actually broken into three parts with some wards to the north and west of Durham transferred to North Durham and North West Durham respectively, Blackhalls and Wingate moving in with Hartlepool and Seaham with Houghton in Sunderland. Burnopfield and Dipton would also move into Blaydon.

Much of this was different to the last set of proposals which were consulted on, yet despite the significant level of change and disruption in the new proposals, the Boundary Commission proposed no further public hearings at this stage. This was completely unsatisfactory and would be discussed at the Constitution Working Group in two weeks' time.

The Leader informed the Council that after a record-breaking Durham Book Festival during October which included a series of packed out sessions during the ten-day programme, the County welcomed the UK's largest light festival, Lumiere, back to Durham from 16 to 19 November. This was understood to be the largest arts event in the whole of the UK in November and large numbers were anticipated on all nights. A presentation had been given to Members in terms of some of the logistics of this. Lumiere was immediately followed with another huge event for County Durham as Tim Peake's space capsule would arrive at Locomotion in Shildon, thanks to the strengthening partnership with the Science Museum Group.

The Leader was proud to announce that Durham was the first local government organisation in the country to work with the UK's largest publisher, Trinity Mirror, to live stream images from two of the county's most stunning views to the world via Facebook.

As part of a major campaign to Celebrate Durham the Council was working with a range of partners, including Kynren, to showcase County Durham on a global stage by focussing on Durham's vibrant cultural programme and its unique offer as a fantastic place to live, work, visit and invest in.

From 6.30 a.m. this morning people from all over the world could use Facebook to watch the sun rise over Cow Green reservoir in the Durham Dales. In the evening audiences would be invited to watch the sun set over High Force, England's highest waterfall. The live stream from Cow Green reservoir had already had 13,000 views with comments from as far afield as Singapore.

The Leader asked all Members to support the county by sharing today's video and using the #HelpDurhamShine.

Councillor Wilkes referred to budget savings proposals and asked that more detail be provided of what the savings proposals were.

The Leader replied that the consultation document included a full page of details for each saving proposal as well as a link to the Cabinet report. However, there was a balance between the provision of enough and too much information. Consultation had been successful in the past and there was a need to provide the right amount of information to make this a success. Each AAP meeting would have a senior council officer in attendance to answer questions. Councillor Wilkes had previously raised this issue regarding the provision of information for the scrutiny process and pointed out that officer support was provided to all political Groups.

5 Questions from Area Action Partnerships

Questions had been received from Derwent Valley AAP and Spennymoor AAP relating to the following:

- The strategies deployed by the Council on drug misuse and the progress being made to address it.
- How the Council was working with partners to ensure essential services, such as GPs, were adequately provided, particularly in those areas outlined for increased housing allocations.

Councillor L Hovvels, Portfolio Holder for Adult and Health Services thanked the Derwent Valley AAP and the Spennymoor AAP for their questions and provided responses.

6 Questions from the Public

No questions from the public had been received.

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 Cabinet on 13 September and 18 October 2017 (for copy see file of Minutes).

The Chairman informed Council that one question on the Cabinet report had been received. Councillor Martin asked the following question:

'Transport for the North, as a new Sub-National Transport Body, may have the tendency to become obsessed with Newcastle, Sunderland, and the Metro system. The danger is that County Durham will continue to lose out on buses and roads due to its rural nature, and towns like Chester-le-Street and Bishop Auckland that are in great need of an hourly rail service to improve the local economy will be neglected in favour of ever more trains linking Newcastle to London at speed. How will cabinet ensure Transport for the North will take an interest in, and allocate resources to, County Durham in an equal manner to other parts of the region?'

Councillor C Marshall, Portfolio Holder for Economic Regeneration thanked Councillor Martin for his question and for submitting it in advance of the meeting to enable a full reply to be given.

Transport for the North covered all of the Northern Regions, the North West, Yorkshire and the North East. It was becoming the Government's preferred vehicle for looking at the major strategic transport issues for the North of England. As such, it was vital that Durham was able to feed in the strategic transport issues around road and rail that affected the County and ensure they were picked up as priorities for the North East and then the wider North.

The Council was able to do that through its position on the North East Combined Authority, where it continued to promote the main road corridors, the A1, A19, A66 and the A690, as well as the rail links on the East Coast Main Line and the Durham Coast Line. In addition to influencing the strategic transport agenda, the Council retained full control of locally commissioned bus services, and would continue to work with the operators to improve the coverage from commercial services.

Transport was at the heart of the Council's economic strategy for County Durham, and the Council would continue to maximise all opportunities to influence decision-making and bring in new investment for the benefit of local residents and businesses.

9 Local Council Tax Reduction Scheme 2018/19

The Council considered a report of the Corporate Director of Resources which sought approval for the continuation of the Local Council Tax Reduction Scheme (LCTRS) for a further year into 2018/19 (for copy see file of Minutes).

In Moving the report, Councillor Napier, Deputy Leader and Cabinet Portfolio Holder for Finance, informed the Council that this was the fifth year of the Council supporting the Scheme and he hoped it would receive unanimous support of Members.

Despite years of austerity borne by local government there was a need to protect the most vulnerable in society as this was how society was measured.

Durham was one of few Councils who were proposing an unchanged LCTRS. Austerity was hitting the residents of County Durham hard and benefits had been frozen until 2020 despite inflation running at 3%. The discredited Universal Credit scheme, which was morally wrong, was being rolled out despite there being cross party support for a moratorium on this.

Continuation of the Scheme for a further year would continue to protect 34,000 low income families within the County, would award 100% Council Tax support where eligible, and would also protect 26,000 pensioners. Durham was only one of two Local Authorities in the region to continue to offer this level of support and only one of a dwindling number nationally.

In those areas which did not provide a 100% LCTRS evidence showed that there had been a stark increase in the issuing of summonses for Council Tax arrears which caused those most vulnerable to spiral into debt and also resulted in the collection of funds not being achieved.

In Seconding approval of the Scheme Councillor J Brown, Portfolio Holder for Social Inclusion informed the Council that it provided support to the most deprived communities which had suffered an onslaught of welfare cuts. She was proud that the County Council, which had worked hard to protect the Scheme, was one of a few Councils to continue to support such a Scheme. There was evidence that in areas which had drawn back from such level of support Council Tax arrears had increased and bailiffs used which added costs of £400 for a relatively small debt.

Councillor R Bell informed the Council that he supported the continuation of the Scheme and there was a strong pragmatic case for doing so.

Councillor A Hopgood also expressed support for continuation of the Scheme, which she had done so each year, as there was a strong moral case for doing so.

Resolved:

- (a) That the current Local Council Tax Reduction Scheme be continued into 2018/19, which would retain the same level of support to all working age council tax payers on low incomes;
- (b) That the extension to the Scheme be initially for a further year only and be kept under continuous review with a further decision on the Scheme to apply in 2019/20 to be considered by Cabinet in July/September 2018 and Full Council by January 2019.

10 Trimdon and Thornley By-Election

The Council noted a Statement of the Returning Officer following a by-election held on 28 September 2017 in the Trimdon and Thornley Electoral Division.

11 Motions on Notice

There were no motions for consideration.

12 Questions from Members

No questions had been received from Members.

6 December 2017

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 15 November 2017 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 5 December 2017 in order for them to be displayed on the screens in the Council Chamber.

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15 November 2017

- Item 1 Council Tax Base 2018/19 and Forecast Surplus on the Council Tax Collection Fund as 31 March 2017 [Key Decision: CORP/R/127/03]
- Item 2 Review of School Provision in County Durham: Ensuring Financial Sustainability of Schools [Key Decision: CORP/R/17/01]
- Item 3 County Durham Plan Progress Report and the Council's Response to the Planning for the Right Homes in the Right Places Consultation [Key Decision: REAL/03/17]
- Item 4 Forecast of Revenue and Capital Outturn 2017/18 – Period to 30 September 2017
- Item 5 Mid-Year Review Report on Treasury Management for the period to 30 September 2017
- Item 6 Review of Humanitarian Support in County Durham

1. Council Tax Base 2018/19 and Forecast Surplus on the Council Tax Collection Fund as 31 March 2017
[Key Decision: CORP/R/127/03]
Deputy Leader of the Council– Councillor Alan Napier
Contact – Paul Darby 03000 261930

We have considered a report of the Corporate Director of Resources which determined the Council’s Tax Base for all domestic properties liable to pay council tax and reported on the estimated collection fund surplus as at 31 March 2018.

On 12 July 2017, Cabinet resolved to recommend to Council continuation of the current Local Council Tax Reduction Scheme (LCTRS) into 2017/18. On 1 November 2017, the Council approved the continuation of the current Local Council Tax Reduction Scheme into 2018/19, which retains the same level of support to all council tax payers as the previous Council Tax Benefit Scheme, which was abolished on 1 April 2013. The extension to the LCTRS is for one year and the Scheme will be kept under continuous review with a further decision to be considered by Cabinet in the summer of 2018 and Full Council by January 2019 with regards to proposals for 2019/20.

On 12 July 2017, Cabinet approved the introduction of a Council Tax Discretionary Reduction (Relief) for Care Leavers Policy, effective from 1 April 2017. The impact of this new Policy, which will be kept under review, has been factored into the Tax Base forecasts for 2018/19.

All monies collected from Council Tax are paid into the Collection Fund. The Council collects monies on behalf of itself, the Police, Crime and Victims Commissioner, the County Durham and Darlington Fire and Rescue Authority and local Town and Parish Councils in the County. As the billing authority, the Council is required on an annual basis, by 15 January, to make a declaration of the estimated Collection Fund outturn position, and identify and apportion any surplus or deficit anticipated for the following financial year between the principal precepting authorities making a precept on the Fund so that they can factor this into the budget setting processes.

The Council Tax Collection Fund is forecast to achieve a surplus of £5.483m at 31 March 2017 and therefore the Council will be declaring a surplus for budget setting purposes and needs to apportion this between the major precepting bodies. The estimated surplus for council tax will be shared between the County Council, the Fire Authority and Durham Police, Crime and Victims’ Commissioner in proportion to the 2017/18 demands / precepts on the Fund. The £5.483m will be allocated as follows:

| | Forecast Surplus to be Distributed in 2018/19 £m |
|---|---|
| Durham County Council | £4.627m |
| Durham Police, Crime & Victims’ Commissioner | £0.543m |
| Durham & Darlington Fire and Rescue Authority | £0.313m |
| Total | £5.483m |

Officers will continue to carefully track and monitor the Council Tax Base and Collection Fund performance over the coming months.

In continuing with the current LCTRS next year, members have committed to a review of the Scheme in early summer of 2018 and put forward options for consideration by Cabinet in July/September next year, with a view to consultation on any changes for 2019/20 being in the Autumn of 2018 and a report being presented to Cabinet on the outcome of the consultation by December 2018. The 2019/20 LCTRS scheme will need to be endorsed by Council before 31 January 2019.

Decision

We have:

- (a) approved the Council Tax Base for the financial year 2018/19 for the County, which has been calculated to be 138,419.2 Band D equivalent properties;
- (b) noted the impact on individual Town and Parish Council Tax bases and Local Council Tax Reduction Scheme Grant allocations for the financial year 2018/19;
- (c) approved the declaration of a surplus on the Council Tax Collection Fund at 31 March 2018 of £5.483m, to be distributed to the Council; the County Durham Fire and Rescue Authority; and the Durham Police and Crime Commissioner in accordance with Council Tax regulations.

2. Review of School Provision in County Durham: Ensuring Financial Sustainability of Schools [Key Decision: CORP/R/17/01] Cabinet Portfolio Holders– Councillors Alan Napier and Olwyn Gunn Contact – Phil Hodgson 03000 268982

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director, Resources which described the financial challenge being experienced by schools across the County caused by a combination of cash flat Dedicated Schools Grant (DSG) allocations over a number of years, school formula funding changes and in some areas, reductions in admission numbers.

These issues have necessitated the setting of deficit budgets within some schools to avoid a detrimental impact on educational outcomes for children and young people. There are also potential financial implications arising from the introduction of a National Funding Formula (NFF) for mainstream primary and secondary schools, which were announced on 14 September, 2017 following the Government's two stage consultation process which closed in March 2017. The report proposed that the Council implements a strategic review of educational provision on a locality basis across the county, to

ensure that County Durham has an appropriate mix and number of high performing, financially sustainable schools.

Since 2015/16, Cabinet and Overview and Scrutiny have received a detailed breakdown of the number of primary and secondary schools with deficit balances. The two schools with the most significant financial challenges and financial viability concerns are Wellfield School in Wingate and Wolsingham School and Sixth Form in Wolsingham. These two schools account for £4.3 million of the estimated £5.3 million of deficit balances (60%) being carried at 31 March 2018. Wellfield and Wolsingham have historically been allowed to set deficit budgets that are outside of the parameters of the scheme of financing. For 2017/18, Wellfield and Wolsingham schools have again been given permission to set a deficit budget on the strict understanding that the schools continue to make every attempt to minimise expenditure and work towards eliminating the in-year deficit and paying down the accumulated deficit at the earliest opportunity. The setting of deficit budgets is not a position that can continue indefinitely and the deficit budgets for 2017/18 have been agreed but only on the basis that reviews of educational provision are undertaken as set out in the report.

The report provided details on the Government's intention to make further progress towards a national funding formula (NFF) which will undoubtedly lead to significant changes to the way in which schools and special educational needs are funded in future.

The report set out the existing schools provision, factors to be considered when reviewing provision, and, the proposed process for considering the future pattern and provision of schools. Appendix 4 of the report provided the recommended approach for the two priority areas where it is proposed the strategic review should begin, which are 0-19 childcare and education provision in Wolsingham and the wider Weardale area and 0-16 childcare and education provision in Wingate and the surrounding area. Appendix 4 of the report also included the recommended approach to review 0-11 provision in Horden with Cotsford Infant and Cotsford Junior Schools facing challenges with a significant drop in pupil numbers.

The success of future reorganisations will require full engagement with communities about the issues raised in the report and will seek to involve communities in finding a solution.

Decision

We have:

- (a) noted the contents of the report and agreed that the Council implements a strategic review of educational provision on a locality basis across the county, to ensure that County Durham has an appropriate mix and number of high performing, financially sustainable schools;
- (b) supported the process outlined in the report for the review of educational provision and that officers take immediate action to

carry out an early review of education provision in the Wolsingham, Wingate and Horden areas using the process illustrated in the report. Further reports to be provided to Cabinet at key milestones, as highlighted in Appendix 4 of the report.

**3. County Durham Plan Progress Report and the Council's Response to the Planning for the Right Homes in the Right Places Consultation [Key Decision: REAL/03/17]
Cabinet Portfolio Holders– Councillors Carl Marshall, and Kevin Shaw
Contact – Mike Allum 03000 261906**

We have considered a report of the Corporate Director of Regeneration and Local Services on the current position with the County Durham Plan (CDP). The report outlined a timetable for taking the County Durham Plan forward through the agreement of a new Local Development Scheme. The report also presented Durham County Council's response to the consultation on Planning for the Right Homes in the Right Places, and, sought approval of a number of supporting documents that will provide guidance on how planning applications will continue to be determined as the Plan progresses.

A report to Cabinet in December 2016 resulted in pausing the preparation of the County Durham Plan which had reached the Issues and Options stage in June/July 2016. The publication of a Housing White Paper was expected to have several implications for the preparation of the Plan, including a new national methodology for the calculation of housing requirements. The Housing White Paper was subsequently published on 7 February 2017. It did not include the proposed methodology but instead referred to a separate consultation. The Council submitted a response to the consultation on the Housing White Paper as reported to Cabinet in July. The Government's consultation document 'Planning for the Right Homes in the Right Places', which included the housing requirement figure, otherwise known as the Objectively Assessed Need (OAN) for housing, was published on 14 September 2017 for an eight week consultation. It was hoped that on publication of the OAN methodology, the Council would have had certainty to move forward with the local plan. However, whilst the government's consultation provided a baseline figure for the expected housing number, it provided no detail as to how a figure could be uplifted to consider issues such as economic growth.

With the OAN methodology consultation now being published it is appropriate to resume the preparation of the County Durham Plan. The timescale identified takes account of future government consultations and the process will continue to be monitored with caution taking into account feedback from government.

The timescale also takes account of the forthcoming National Planning Policy Framework (NPPF) consultation which is due to be published in Spring 2018. A consultation was undertaken on an Issues and Options document in

June/July 2016. It is considered that this document is still relevant and it would not need to be repeated.

Key Milestones were set out in the report and the full timetable, was set out in the updated Local Development Scheme (LDS) at Appendix 3 of the report. Cabinet will be asked to consider and approve each stage of the process prior to it proceeding to public consultation. The Local Development Scheme will be continually reviewed to ensure it takes account of changes to national guidance and legislation.

The Council publishes guidance documents to provide certainty to communities and developers of what is expected from developers to mitigate the impact of their developments. These include a document updating the guidance on Developer Contributions for Education Provision and a document on Developer Contributions relating to the Habitat Regulations. Monitoring of local plan policies enables the identification of any unintended consequences of policies, whether the assumptions and objectives that the policies are based upon are still relevant and if the policy targets are being achieved. The findings highlight where adjustments and revisions to policies are required and can inform the development of further new policies. The Annual Monitoring Report covers the period 1 April 2016 to 31 March 2017 and was attached at Appendix 6 of the report.

Decision

In relation to the local plan we have:

- (a) agreed the approach and proposed timescales, and to receive regular updates in respect of government guidance, advice and potential changes;
- (b) noted and endorsed the content of the council's response to the consultation on 'Planning for the Right Homes in the Right Places';
- (c) that the following documents be agreed and published:
 - (i) Developer Contributions for Education Provision;
 - (ii) Habitat Regulations Assessment Developer Guidance and Requirements; and
 - (iii) 2016/17 Annual Monitoring Report.

4. Forecast of Revenue and Capital Outturn 2017/18 – Period to 30 September 2017

**Deputy Leader of the Council– Councillor Alan Napier
Contact – Jeff Garfoot 03000 261946**

We have considered a report of the Corporate Director of Resources which provided a forecast of the 2017/18 forecast revenue and capital outturn, a forecast of the Council's Council Tax and Business Rates Collection Fund position at 31 March 2018 and the use of earmarked, cash limit and general reserves. The report also sought approval of the budget adjustments and proposed sums outside of cash limits.

Revenue

Appendices 2 and 3 of the report compared the forecast outturn with the revised budget. It was reported that the following adjustments have been made to the original budget which was agreed by Council on 22 February 2017:

- (a) agreed budget transfers between Service Groupings;
- (b) additions to budget for items outside the cash limit
- (c) planned use of or contribution to Earmarked Reserves (outlined in Appendix 4).

The report identified that there is forecast to be a £0.169 million underspend within service grouping cash limits with a forecast underspend on all other budgets of £1.635 million. This position is reflected in the movement in cash limit and general reserves. Taken together, the net £1.804 million underspend represents a 0.4% underspend against the revised net expenditure budget of £413.5 million. The report set out for approval, some sums to be funded from, or transferred to, general contingencies. These sums are deemed to be outside of service grouping cash limits.

The forecast outturn for Cash Limit Reserves and the General Reserve, after adjusting the budgets, was outlined in the report. A sum of £2 million has been transferred from the General Reserve into a Transformation Programme Reserve to provide the required support for the next three years.

Capital

On 12 July 2017, Cabinet received a report which provided details of the final outturn position of the 2016/17 Capital Programme. This included details of budgets of £15.375 million that were profiled from 2016/17 to 2017/18. Adding these to the new 2017/18 capital allocations approved by Council on 22 February 2017 and the existing 2017/18 budget gives the original budget for 2017/18.

The Council's Member Officer Working Group (MOWG) that closely monitors the capital programme considered further revisions to the capital programme, taking into account additional resources received by the council and further requests for profiling as Service Management Teams continue to monitor and review their capital schemes. The report summarised the latest capital budget alongside the original budget and also showed the forecast outturn for each service and the actual capital spend as at 30 September 2017. Further to the revised Quarter 1 2017/18 budget that was agreed by Cabinet on 13 September, the MOWG considered a number of variations to the capital programme as a result of additions and reductions in resources received by the Council. The variations were detailed in the report.

Decision

We have:

- (a) noted the Council's overall financial position for 2017/18;
- (b) agreed the proposed 'sums outside the cash limit' for approval;
- (c) agreed the revenue and capital budget adjustments;
- (d) noted the forecast use of Earmarked Reserves;
- (e) noted the forecast end of year position for the Cash Limit and General Reserves;
- (f) noted the position on the Capital Programme and the Collection Funds in respect of Council Tax and Business Rates.

5. Mid-Year Review Report on Treasury Management for the period to 30 September 2017

Deputy Leader of the Council– Councillor Alan Napier

Contact – Jeff Garfoot 03000 261946

We have considered a report of the Corporate Director of Resources which provided information on the treasury's management mid-year position for 2017/18 and sought approval of a revision to the Council's Investment Strategy.

The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and its Prudential Indicators (PIs). The mid-year report was prepared in accordance with the Code and included:

- (a) a review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- (b) a review of the Council's capital expenditure (prudential indicators);
- (c) a review of the Council's investment portfolio for 2017/18;
- (d) a review of the Council's borrowing strategy for 2017/18;
- (e) a review of compliance with Treasury and Prudential Limits for 2017/18.

The Annual Treasury Management Statement for 2017/18 was approved by the Council on 22 February 2017. In accordance with the Code, it is in the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite. The report recommended that revisions be made to the Investment Strategy in order to facilitate a more balanced approach to investing by diversifying the Council's investment portfolio, spreading the investment risk and maximising investment returns (whilst having regard to security and liquidity); and, to invest in businesses within County Durham in order to encourage regeneration and economic development in the area.

The report outlined the following proposed changes:

- (a) increase the monetary limit for equity shareholdings up to £30 million in total (from £20 million);
- (b) £15 million in an individual business (from £11 million);
- (c) allow investment in property funds of not more than £50 million in total and £25 million in an individual fund (from £10 million and £5 million respectively).

Decision

We have:

- (a) approved the proposed changes to the Treasury Management Strategy for 2017/18;
- (b) noted the contents of the mid-year review report and agreed to report further to Full Council.

6. Review of Humanitarian Support in County Durham Cabinet Portfolio Holder– Councillor Joy Allen Contact – Gordon Elliott 03000 263605

We have considered a joint report of the Director of Transformation and Partnerships and the Corporate Director of Children and Young People's Services which outlined the findings of the evaluation of the first year of delivering resettlement support under the Syrian Vulnerable Persons Resettlement Scheme (SVPRS). The Report also updated Members on other humanitarian support schemes in the County, specifically the Vulnerable Children's Resettlement Scheme and informed Members about the government's national scheme for accommodating asylum-seekers.

On 16 December 2015, Cabinet considered a report on the government's response to the Syrian refugee crisis and the development of the Durham Humanitarian Support Partnership. In line with the partnership's recommendations, Cabinet agreed to participate in the Syrian Vulnerable Persons Relocation Scheme, offering to support around 200 vulnerable people in family groups, over the duration of the scheme to May 2020.

To date, 92 vulnerable people have been helped to settle in the county. Arrangements are currently being made for a fourth phase, which will see a further six families supported to lead new lives in the county. This would bring the total number of people supported to approximately 120.

Cabinet agreed to evaluate the effectiveness of the programme within 12 months of the arrival of the first group of refugees in order to determine if the number of Syrian refugees supported to settle in the county could be increased.

The evaluation report, was attached as Appendix 2. The evaluation report paints a positive picture of Durham's experience supporting Syrian refugee families, with council services, partner organisations and the voluntary and

community sector working together very effectively to make a difference to extremely vulnerable people's lives and local communities accepting and welcoming the families into their midst. The Council's coordination role has been key in facilitating this approach throughout each phase of the scheme.

Partners are positive about what has been achieved through the coordinated and collaborative approach and the families assisted are very satisfied and appreciative of the assistance provided and the welcome they have received from support services and their local neighbours and communities.

Whilst the government has called on Durham to participate in other schemes, most notably the scheme to disperse asylum-seekers, partners have expressed significant reservations about the nature of the scheme and Durham's capacity and resources to provide the support and assistance required.

Partners are therefore suggesting that the county should look to increase the numbers resettled by 50 to 100 people, under schemes which are adequately resourced and where arrivals can be supported, namely the Syrian Vulnerable Persons Resettlement Scheme, suitable cases under the Vulnerable Children's Resettlement Scheme and, where possible, unaccompanied asylum-seeking children, if the level of care and support required are available.

Decision

We have:

- (a) noted the contents of the evaluation report;
- (b) commended the organisations and partners involved in resettling the Syrian refugee families for their effective approach;
- (c) supported the view of partners that the numbers resettled in the county could be increased by an additional 50 to 100 people, under appropriate schemes where the county has capacity and resources to do so, as outlined in the report;
- (d) agreed to delegate authority to progress Durham's offer of support, as outlined in the report, to the Director of Transformation and Partnerships, in consultation with the Portfolio Holder for Transformation;
- (e) supported the Durham Humanitarian Support Partnership's view that the county should decline to participate in the National Dispersal Scheme for Asylum-seekers at this stage.

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

28 November 2017

County Council

6 December 2017

Mid-Year Review Report on Treasury Management for the period to 30 September 2017



Report of Corporate Management Team John Hewitt, Corporate Director of Resources Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Purpose of the Report

- 1 The purpose of this report is to provide information on the treasury management mid-year position for 2017/18 and seek approval of a revision to the Council's Investment Strategy.

Background

- 2 Treasury management is defined as 'the management of the local authority'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'.
- 3 The Council operates 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 this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 4 The second main function of the treasury management service is the funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending requirements. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 5 The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and its Prudential Indicators (PIs). This requires that Members agree the following reports, as a minimum:
 - (a) an annual Treasury Management Strategy in advance of the year (reported to the County Council on 22 February 2017 in respect of the 2017/18 financial year);

- (b) an annual review following the end of the year describing the activity compared to the strategy (reported to the County Council on 20 September 2017 in respect of the 2016/17 financial year);
 - (c) a mid-year Treasury Management Review Report (this report covering 6 months of the 2017/18 financial year).
- 6 This mid-year report has been prepared in accordance with the Code and includes:
- (a) a review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - (b) a review of the Council's capital expenditure (prudential indicators);
 - (c) a review of the Council's investment portfolio for 2017/18;
 - (d) a review of the Council's borrowing strategy for 2017/18;
 - (e) a review of compliance with Treasury and Prudential Limits for 2017/18.

Treasury Management Statement and Investment Strategy Update

- 7 The Annual Treasury Management Statement for 2017/18 was approved by the Council on 22 February 2017.
- 8 It is recommended that revisions be made to the Investment Strategy. The proposed changes and rationale are detailed in paragraphs 27 to 28.

Capital Expenditure

- 9 The following table shows the revised estimates for capital expenditure in 2017/18 and the changes since the capital programme was agreed by Council.

| Capital Expenditure by Service | 2017/18 Estimate agreed by Council in Feb 2017 (£ million) | 2017/18 Approved Revisions (£ million) | 2017/18 Revised Estimate (£ million) |
|---|---|---|---|
| Adults and Health | 0.526 | (0.206) | 0.320 |
| Children and Young People's Service | 12.007 | 16.981 | 28.988 |
| Regeneration and Local Services | 83.609 | 6.470 | 90.079 |
| Resources | 10.435 | 6.393 | 16.828 |
| Transformation and Partnerships | 3.167 | 1.343 | 4.510 |
| Total Capital Expenditure by Service | 109.744 | 30.981 | 140.725 |

- 10 Taking into account re-profiling from the 2016/17 capital programme, additional approved expenditure funded from grants, capital receipts and reserves and re-profiling into future years, the revised capital expenditure budget for the General Fund is £140.725 million.
- 11 In addition to the capital expenditure, shown in the table above, a leasing budget of £10.207 million was agreed by Full Council in February 2017, which will be revised to £8.949 million to reflect re-profiling from 2017/18 into future years.
- 12 Further details on the capital programme can be found in the 15 November 2017 Cabinet report 'Quarter 2 Forecast of Revenue and Capital Outturn 2017/18 for the General Fund – Period to 30 September 2017'.

Financing of Capital Expenditure

- 13 The following table draws together the capital expenditure plans, highlighting the expected financing arrangements in 2017/18, to determine the underlying borrowing need.

| Capital Expenditure | 2017/18 Original Estimate (£ million) | 2017/18 Revised Estimate (£ million) |
|--------------------------------|--|---|
| Capital Expenditure by Service | 109.744 | 140.725 |
| Leasing | 10.207 | 8.949 |
| Financed by: | | |
| Capital receipts | 17.700 | 17.832 |
| Capital grants | 44.726 | 55.610 |
| Revenue and Reserves | 4.935 | 4.241 |
| Leasing financing | 10.207 | 8.949 |
| Total Financing | 77.568 | 86.632 |
| Borrowing Need | 42.383 | 63.042 |

- 14 Following approval of the 2017/18 capital programme in February 2017, additional capital grants have been received and additional earmarked capital receipts and revenue and reserves have been allocated to finance the capital programme.
- 15 As a result of the changes to the capital budget the underlying borrowing requirement has been revised upwards by £20.659 million to £63.042 million. The borrowing need increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR). This will be reduced in part by revenue charges for the repayment of debt which is known as the Minimum Revenue Provision (MRP).

Capital Financing Requirement

- 16 The Capital Financing Requirement (CFR) shows the council's underlying need to borrow for capital purposes. It is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resource. The CFR includes any other long term liabilities *e.g. PFI schemes and finance leases. Whilst these increase the CFR these investments are separately financed and do not require additional borrowing.
- 17 The objective is to keep external debt within sustainable and prudent limits and ensure that in the medium term, debt is only used for a capital purpose. This is undertaken by a comparison of the gross debt with the CFR. To ensure that, over the medium term, gross borrowing will only be for a capital purpose, borrowing should not, except in the short-term, exceed the CFR for the previous year plus the cumulative increases in CFR for 2017/18 to 2019/20. The Council has complied with this requirement as shown in the following table, which shows gross borrowing is less than the CFR:

| | Position at 1 Apr 2017 (£ million) | Position at 30 Sep 2017 (£ million) |
|------------------------------------|---|--|
| Gross Borrowing* | 303.510 | 303.500 |
| CFR as at 1.4.17 | 431.641 | 431.641 |
| Increase in CFR 2017/18 | 47.173 | 47.173 |
| Increase in CFR 2018/19 | 10.841 | 10.841 |
| Increase in CFR 2019/20 | 5.114 | 5.114 |
| CFR comparator for gross borrowing | 494.769 | 494.769 |

*includes PFI and finance lease liabilities on balance sheet

- 18 The revised forecast CFR position for the end of 2017/18 is £478.814 million, which compares with the original estimate of £501.181 million. The difference is due to reprofiling of the capital programme into future years and use of additional resources to finance the capital programme such as grants, contributions and revenue contributions.
- 19 The Authorised Limit is the council's "affordable borrowing limit" required by section 3(1) of the Local Government Act 2003. This represents the limit beyond which borrowing / external debt is prohibited. The limit reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable.
- 20 The Operational Boundary is the level of borrowing that the Council could reach during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. It acts as an indicator to ensure that the Council's Authorised Limit is not breached. The table below shows that borrowing has remained within the Authorised Limit and Operational Boundary during 2017/18.

| | 2017/18 Approved Limit (£ million) |
|---|---|
| Authorised Limit | 555.000 |
| Operational Boundary | 502.000 |
| Maximum gross borrowing position during 2017/18* | 303.510 |
| Actual gross borrowing position as at 30 September 2017 | 303.500 |

*includes PFI and finance lease liabilities on balance sheet

Borrowing Strategy

- 21 The CFR indicates the requirement for the Council to borrow to support its capital activities. This borrowing can be in the form of external sources (e.g. PWLB) or internal resources (e.g. use of reserves and working capital).
- 22 The Corporate Director of Resources, under delegated powers, will adopt the most appropriate form of borrowing depending on the prevailing interest rates at the time.
- 23 Due to the overall financial position of the Council, no new borrowing has been raised during the first six months of 2017/18.
- 24 The overall borrowing position at 30 September 2017 was £255.623 million (excluding PFI and finance lease liabilities). There are three debt related treasury activity limits which are designed to manage risk and reduce impact of adverse movement in interest rates. These are the upper limit for both fixed and variable interest rate exposure and the maturity structure of fixed interest rate borrowing. The position at the half-year stage compared with the parameters set out in the 2017/18 strategy is shown below.

| | Upper Limits | Position at 30 September 2017 |
|---|-------------------------|--|
| 1 Upper limit for FIXED interest rate exposure | 100% | 90.13% |
| 2 Upper limit for VARIABLE interest rate exposure | 70% | 9.87% |
| 3 Maturity structure of FIXED interest rate borrowing | | |
| less than 1 year | 20% | 0% |
| between 1 and 2 years | 40% | 4% |
| between 2 and 5 years | 60% | 9% |
| between 5 and 10 years | 80% | 26% |
| 10 years or more | 100% | 61% |

Debt Rescheduling

- 25 Debt rescheduling opportunities are very limited in the current economic climate given the consequent structure of interest rates and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. Therefore no debt rescheduling has been undertaken this year.

Investment Portfolio

- 26 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite.
- 27 It is proposed to amend the Investment Strategy to:
- (a) facilitate a more balanced approach to investing by diversifying the Council's investment portfolio, spreading the investment risk and maximising investment returns (whilst having regard to security and liquidity);
 - (b) invest in businesses within County Durham in order to encourage regeneration and economic development in the area.
- 28 The proposed changes are to:
- (a) increase the monetary limit for equity shareholdings up to £30 million in total (from £20 million);
 - (b) £15 million in an individual business (from £11 million);
 - (c) allow investment in property funds of not more than £50 million in total and £25 million in an individual fund (from £10 million and £5 million respectively).
- 29 Any new investments will only be agreed after appropriate due diligence has been carried out.
- 30 A revised list of investments which the Council will be permitted to use, if Members are in agreement, is attached as Appendix 2.
- 31 Members are recommended to approve the aforementioned revisions to the Investment Strategy for 2017/18.
- 32 The following table details the Council's equity shareholdings as at 31 March 2017 and 30 September 2017.

| Company | 31 Mar 2017 | 30 Sep 2017 |
|-------------------------------------|---------------|---------------|
| | £ million | £ million |
| Atom Bank | 0.152 | 0.152 |
| Chapter Homes | 1.715 | 1.715 |
| Durham County Cricket Club | 0.000 | 3.740 |
| Forrest Park | 1.000 | 1.000 |
| Newcastle International Airport Ltd | 10.558 | 10.558 |
| Polyphotonix | 0.300 | 0.300 |
| Total | 13.725 | 17.465 |

- 33 The original budgeted investment return for investment income 2017/18 was £1.700 million, however it is now expected that this will be exceeded by around £0.620 million. This is mainly due to higher than forecast level of returns on short term investments and council commercial activities.

Investment Risk Benchmarking

- 34 All of the Council's investment activity has remained within the benchmarks for managing investment risk which were included in the Annual Treasury Management Strategy.
- 35 The following table compares the actual position for the first six months of 2017/18 against the previously agreed benchmarks.

| Investment Risk | Measured by | Benchmark | Actual position 30 September 2017 |
|-----------------|---|--|-----------------------------------|
| Security | % of historic risk of default | 0.08% | 0.012% |
| Liquidity | Weighted average life to maturity | 6 months (183 days) average 9 months (274 days) maximum | 224 days average |
| Yield | Internal returns above the 7 day LIBID rate | 0.112% | 0.53% |

Investment Counterparty Criteria

- 36 The current investment counterparty criteria selection as approved in the Annual Treasury Management Strategy is meeting the requirements of the treasury management function.
- 37 At 30 September 2017 the Council held investments, with a maturity of no longer than one year, totalling £149.647 million. The following table provides a breakdown of the type of financial institution within which these investments were held at 30 September 2017, split by the maturity period.

| Sector | 0-3 months | 3-6 months | 6-12 months |
|--------------------------------------|---------------|---------------|---------------|
| | £m | £m | £m |
| Banks | 29.040 | 59.876 | 29.938 |
| Building Societies | | | 25.661 |
| Central Government/Local Authorities | 5.132 | | |
| Local Authorities | | | |
| Money Market Funds | | | |
| TOTAL | 34.172 | 59.876 | 55.599 |

Icelandic Bank Deposits

- 38 Prior to Local Government Review, one former District Council had £7 million deposited across the Icelandic banks Glitnir Bank hf (£4 million), Landsbanki (£2 million) and Kaupthing Singer and Friedlander Ltd (£1 million), which all collapsed financially in October 2008. The County Council inherited this position in April 2009.
- 39 The only outstanding balance as at 31 March 2017 is in relation to the investment with Kaupthing Singer and Friedlander Ltd (KSF). All monies with KSF are currently subject to the respective administration and receivership processes. As at 30 September 2017, 85.15% of the outstanding balance has been repaid to the Council; 86.25%-87.25% recovery is ultimately anticipated.

Recommendations and Reasons

- 40 It is recommended that Council:
- (a) approve the proposed changes to the Treasury Management Strategy for 2017/18;
 - (b) note the contents of the mid-year review report for 2017/18.

Background papers

- 22 February 2017 – County Council – Appendix 12: Durham County Council Annual Treasury Management Strategy of the Medium Term Financial Plan, 2017/18 – 2019/20 and Revenue and Capital Budget 2017/18.
- County Council – 20 September 2017 – Treasury Management Outturn 2016/17.

| | | | |
|-----------------|---------------------|-------------|---------------------|
| Contact: | Jeff Garfoot | Tel: | 03000 261946 |
| | Azhar Rafiq | Tel: | 03000 263480 |

Appendix 1: Implications

Finance -

Details of the overall financing of the Council's anticipated capital expenditure, along with forecast borrowing and investment income returns are provided in the report.

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: Revised List of Investment Instruments for use in 2017/18

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:

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

Non-specified Investments

These are investments which do not meet the specified criteria outlined above. The Council is required to examine non-specified investments in more detail. 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 in the following:

- 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 £30 million in total, and £15 million in any one company. This will be after undertaking significant due diligence checks only. It will facilitate a more balanced approach to investing by diversifying the investment portfolio and reducing concentration risk.
- Local businesses, in order to encourage regeneration and economic development in the area. Any new investments will only be agreed after significant due diligence checks have been carried out.
- Property funds of not more than £50 million in total and £25 million in an individual fund.

County Council**6 December 2017**
**Electoral Boundary Review – Revised
proposals for new Parliamentary
Constituencies in Durham**

Report of Head of Legal and Democratic Services

Purpose of the Report

- 1 To present the revised proposals of the Boundary Commission for England for new Parliamentary constituency boundaries in England and Constitution Working Group's recommendations thereon.

Background

- 2 The Boundary Commission for England (BCE) is an independent and impartial non-departmental public body which is responsible for reviewing Parliamentary constituency boundaries in England. The Commission is currently conducting a review on the basis of rules laid down in Parliament, which must be adhered to when considering boundary reviews. These rules involve a significant reduction in the number of constituencies in England (from 533 to 501), and requires that every constituency (apart from two specified exceptions) must have an electorate that is no fewer than 71,031 and no more than 78,507 in size – that is 5% either side of the electoral quota of 74,769.' Legislation also states that when deciding on boundaries, the Commission may take into account:
 - a) 'Special geographical considerations, including the size, shape and accessibility of a constituency;
 - b) Local government boundaries as they existed on 7 May 2015;
 - c) Boundaries of existing constituencies; and
 - d) Any local ties that would be broken by changes in constituencies.'
- 3 BCE published their initial proposals for new boundaries for consultation on 13 September, 2016. The Consultation period ran for 12 weeks, to 5 December, 2016. The proposals affecting County Durham were reported to Constitution Working Group for consideration.

Initial proposals for Durham

- 4 The BCE's initial proposal for the County of Durham would have seen six constituencies remain to be administered by the county, although each would have had boundaries modified to a greater or lesser extent when compared to the current arrangements, with consequential re-naming as appropriate.
- 5 Only one constituency would have been solely contained within the County. The other five would have crossed the county boundary taking in wards from Gateshead, Sunderland or Hartlepool council areas.

- 6 Constitution Working Group met to consider the BCE proposals 11 October, 9 & 24 November, 2016. The Group considered the proposals from a wider regional perspective acknowledging that all the major parties were to make widely differing regional submissions to BCE.
- 7 Members considered it was not possible to agree comment of the initial proposed new parliamentary constituency boundaries excepting that the separation of "Barnard Castle East" and "Barnard Castle West" electoral divisions, being the country Town of Barnard Castle, was unanimously unacceptable to all members. BCE was so advised.

Revised proposals for Durham

- 8 Under the BCE's revised proposals for the County of Durham there will be five, rather than six, constituencies, administered by the county. Each will have boundaries modified to a greater or lesser extent when compared to the current arrangements, with consequential re-naming as appropriate.
- 9 BCE now propose that four constituencies, rather than just one (as in their initial proposal), will be wholly contained within the County.
- 10 The fifth constituency will take in six wards from Stockton on Tees area.
- 11 It is proposed that six existing County divisions will become part of adjoining constituencies which would be administered by Gateshead/Newcastle upon Tyne, Sunderland or Hartlepool areas. Details relating to these 6 divisions/constituencies are set out at paragraphs 16, 18 and 19 below.
- 12 The Council's representation to the initial BCE proposals that the separation of "Barnard Castle East" and "Barnard Castle West" was un-acceptable was also echoed in other responses to the consultation. BCE have accepted the representations made. Both divisions are now proposed to be part of "Bishop Auckland" constituency.
- 13 A summary of the BCE's revised constituencies is set out below. A table setting out the effect of the proposals on the existing constituency arrangements is set out in Appendix 3.
- 14 The proposed Billingham and Sedgefield constituency retains seven wards from the existing Sedgefield constituency. Also included is the ward of Coxhoe from the existing City of Durham constituency, and six wards from Stockton on Tees area.

| Ward/Division | Current Constituency | Electorate |
|------------------------------|----------------------|------------|
| Aycliffe East | Sedgefield | 6240 |
| Aycliffe North & Middridge | Sedgefield | 7790 |
| Aycliffe West | Sedgefield | 5403 |
| Bishop Middleham & Cornforth | Sedgefield | 2937 |
| Chilton | Sedgefield | 2970 |
| Coxhoe | City of Durham | 9280 |
| Ferryhill | Sedgefield | 8151 |
| Sedgefield | Sedgefield | 6274 |

| | | |
|--------------------|---------------------------------|--------|
| Billingham Central | Stockton on Tees | 5136 |
| Billingham East | Stockton on Tees | 4935 |
| Billingham North | Stockton on Tees | 6943 |
| Billingham South | Stockton on Tees | 4671 |
| Billingham West | Stockton on Tees | 4521 |
| Northern Parishes | Stockton on Tees | 2954 |
| | Billingham and Sedgefield Total | 78,205 |

- 15 The proposed Bishop Auckland constituency retains ten wards from the existing constituency. The commission propose to include Willington & Hunwick (inc Brancepeth) from the existing North West Durham & City of Durham constituencies.

| Ward/Division | Current Constituency | Electorate |
|----------------------|---------------------------------------|------------|
| Barnard Castle East | Bishop Auckland | 6492 |
| Barnard Castle West | Bishop Auckland | 6319 |
| Bishop Auckland Town | Bishop Auckland | 5947 |
| Coundon | Bishop Auckland | 3010 |
| Evenwood | Bishop Auckland | 6231 |
| Sildon & Dene Valley | Bishop Auckland | 9384 |
| Spennymoor | Bishop Auckland | 8444 |
| Tudhoe | Bishop Auckland | 6079 |
| West Auckland | Bishop Auckland | 6375 |
| Willington & Hunwick | North West Durham (pt City of Durham) | 6822 |
| Woodhouse Close | Bishop Auckland | 6032 |
| | Bishop Auckland Total | 71,135 |

- 16 The proposed constituency of Blaydon includes the ward of Burnopfield and Dipton along with five wards from both Gateshead and Newcastle upon Tyne areas.

| Ward/Division | Current Constituency | Electorate |
|-----------------------------|----------------------|------------|
| Burnopfield and Dipton | North West Durham | 5962 |
| Blaydon | Gateshead | 6953 |
| Chopwell and Rowlands Gill | Gateshead | 6954 |
| Crawcrook and Greenside | Gateshead | 6659 |
| Ryton, Crookhill and Stella | Gateshead | 6818 |
| Winlaton and High Spen | Gateshead | 6702 |
| Benwell and Scotswood | Newcastle upon Tyne | 8020 |
| Denton | Newcastle upon Tyne | 7356 |
| Lemington | Newcastle upon Tyne | 7030 |
| Newburn | Newcastle upon Tyne | 6894 |
| Westerhope | Newcastle upon Tyne | 7443 |
| | Blaydon Total | 76,791 |

- 17 The proposed City of Durham and Easington constituency comprises five, seven and one ward(s) from the existing constituencies of City of Durham, Easington and Sedgefield constituencies respectively.

| Ward/Division | Current Constituency | Electorate |
|--------------------------|------------------------------------|------------|
| Belmont | City of Durham | 10115 |
| Durham South | City of Durham | 1619 |
| Easington | Easington | 5559 |
| Elvet & Gilesgate | City of Durham | 4081 |
| Horden | Easington | 5809 |
| Murton | Easington | 5820 |
| Neville's Cross | City of Durham | 6502 |
| Passfield | Easington | 3539 |
| Peterlee East | Easington | 5484 |
| Peterlee West | Easington | 6119 |
| Sherburn | City of Durham | 6531 |
| Shotton and South Hetton | Easington | 6413 |
| Trimdon and Thornley | Sedgefield | 9411 |
| | City of Durham and Easington Total | 77002 |

- 18 The proposed constituency of Hartlepool includes the wards of Blackhalls and Wingate from the existing constituencies of Easington and Sedgefield respectively along with eleven wards from Hartlepool area.

| Ward/Division | Current Constituency | Electorate |
|----------------------|----------------------|------------|
| Blackhalls | Easington | 6101 |
| Wingate | Sedgefield | 2913 |
| Burn Valley | Hartlepool | 5903 |
| De Bruce | Hartlepool | 5597 |
| Fens and Rossmere | Hartlepool | 7003 |
| Foggy Furze | Hartlepool | 6286 |
| Hart | Hartlepool | 6731 |
| Headland and Harbour | Hartlepool | 5358 |
| Jesmond | Hartlepool | 6179 |
| Manor House | Hartlepool | 7188 |
| Rural West | Hartlepool | 5815 |
| Seaton | Hartlepool | 6693 |
| Victoria | Hartlepool | 5448 |
| | Hartlepool Total | 77,215 |

- 19 The proposed constituency of Houghton and Seaham includes the wards of Dawdon, Deneside and Seaham from the existing Easington constituency along with seven wards from Sunderland area.

| Ward/Division | Current Constituency | Electorate |
|---------------|---------------------------|------------|
| Dawdon | Easington | 5868 |
| Deneside | Easington | 5280 |
| Seaham | Easington | 5270 |
| Copt Hill | Sunderland | 8767 |
| Doxford | Sunderland | 7563 |
| Hetton | Sunderland | 8632 |
| Houghton | Sunderland | 9016 |
| Shiney Row | Sunderland | 9719 |
| Silksworth | Sunderland | 8109 |
| St Chad's | Sunderland | 7547 |
| | Houghton and Seaham Total | 75,771 |

- 20 The proposed constituency of North Durham & Chester-le-Street retains all twelve wards from the existing constituency and includes one ward from the existing City of Durham constituency.

| Ward/Division | Current Constituency | Electorate |
|--------------------------------|--|------------|
| Annfield Plain | North Durham | 5670 |
| Chester-le-Street East | North Durham | 2919 |
| Chester-le-Street North | North Durham | 2999 |
| Chester-le-Street South | North Durham | 5937 |
| Chester-le-Street West Central | North Durham | 5825 |
| Craghead & South Moor | North Durham | 5177 |
| Framwellgate and Newton Hall | City of Durham | 10175 |
| Lumley | North Durham | 5527 |
| North Lodge | North Durham | 2828 |
| Pelton | North Durham | 9889 |
| Sacrison | North Durham | 5357 |
| Stanley | North Durham | 6187 |
| Tanfield | North Durham | 6495 |
| | North Durham & Chester-le-Street Total | 74985 |

- 21 The proposed North West Durham constituency retains most of the existing constituency and includes 3 wards from the existing City of Durham constituency.

| Ward/Division | Current Constituency | Electorate |
|------------------------|---------------------------------------|------------|
| Benfieldside | North West Durham | 6180 |
| Brandon | City of Durham | 7146 |
| Consett North | North West Durham | 5761 |
| Consett South | North West Durham | 2886 |
| Crook | North West Durham | 8995 |
| Deerness | City of Durham (pt North West Durham) | 9018 |
| Delves Lane | North West Durham | 6026 |
| Esh and Witton Gilbert | North West Durham and City of Durham | 6192 |

| | | |
|------------------------|-------------------------|--------|
| Lanchester | North West Durham | 5871 |
| Leadgate and Medomsley | North West Durham | 6440 |
| Tow Law | North West Durham | 3233 |
| Weardale | North West Durham | 6406 |
| | North West Durham Total | 74,154 |

Consultation period

- 22 Having considered the evidence presented to them following the publication of their initial proposals for new parliamentary boundaries, BCE have decided that the evidence is such that it is appropriate to revise their initial proposals in some areas. Therefore, as they are required to do (under the legislation), on 17 October, 2017 BCE published their report – Revised proposals for new constituency boundaries in North East – alongside 8 others, one for each of the other regions in England.
- 23 BCE are now consulting on their revised proposals for the statutory eight week period, from 17 October, 2017 to 11 December, 2017. Unlike the initial consultation period, there is no provision in the legislation for further public hearings, nor is there a repeat of the four week period for commenting on the representations of others.
- 24 BCE are encouraging everyone to use this last opportunity to contribute to the design of the new constituencies to assist them in making informed decisions before they make recommendations to the Government in September 2018.
- 25 BCE's main focus during this final consultation is on those constituencies they have revised since their initial proposals.
- 26 BCE ask that, in responding, due consideration is given to the tight constraints placed on them by the rules set by Parliament. Most importantly:-
- BCE cannot recommend constituencies that have electorates that are more than 5% above or below the electoral quota (apart from the two covering the Isle of Wight).
 - BCE are obliged by law to use the Parliamentary electorate figures as they were in the statutory electoral register published December 2015. They therefore cannot base their proposals for this constituency review on any subsequent electorate figures.
 - BCE are basing their revised proposals on local government ward boundaries (as at May 2015) as the building blocks of constituencies. Exceptional and compelling evidence would need to be provided to persuade them that splitting a ward across two constituencies is necessary or appropriate.
 - BCE have constructed constituencies within regions, so as not to cross regional boundaries. Particularly compelling reasons would need to be given to persuade them that they should depart from this approach.
- 27 These issues mean BCE encourage anyone making a representation on a particular area to bear in mind the knock-on effects of their counter proposals.

BCE have to consider any such representations across the whole region/country. Any counter proposal will have an impact on neighbouring constituencies and further afield.

- 28 The Commission are particularly asking for two things. First, expressions of support for their revised proposals. And second, if objecting to their proposals, to put forward counter-proposals which are in accordance with the rules to which they are working.
- 29 At the final stage, the Commission will take into consideration any written representations received during the eight-week consultation period for the revised proposals and will decide whether any final modifications are needed in the light of those representations. Once the Commission has decided on the final recommendations for the whole of England, they will submit a formal report to the Government detailing their final recommendations, which will conclude the review process.
- 30 On 16 November 2017, the Constitution Working Group considered the BCE's revised proposals for new Parliamentary Constituency boundaries. Members were highly critical of the BCE revised proposals.
- 31 The Group recommended that Council considers submitting a response to BCE, which categorically rejects the revised proposals for new Parliamentary Constituencies as they might apply across County Durham.
- 32 A letter to this effect has been agreed with group leaders, and is enclosed at Appendix 2.

Recommendations and reasons

- 33 That Council agrees to submit the objection to the BCE's revised proposals for new Parliamentary Constituency boundaries across County Durham as set out at Appendix 2.
- 34 That the Head of Legal and Democratic Services is requested to send the letter on behalf of the Council to BCE before the consultation closes on 11 December 2017.

Background papers

- 35 The Boundary Commission for England – North East Initial proposals for Parliamentary boundaries.

Council 26 October 2016 & 7 December 2016 and

The Boundary Commission for England – Revised proposals for new constituency boundaries in the North East.

Contact: David Collingwood Tel: 03000 261 201

Appendix 1: Implications

Finance – None specific within this report

Staffing – None specific within this report

Risk – None specific within this report

Equality and Diversity / Public Sector Equality Duty – None specific within this report

Accommodation – None specific within this report

Crime and Disorder – None specific within this report

Human Rights – None specific within this report

Consultation – As explained in the report, the Constitution Working Group has considered the consultation document. The consultation period closes on 11 December 2017.

Procurement – None specific within this report

Disability Issues – None specific within this report

Legal Implications – The Parliamentary Constituencies Act 1986 requires the Boundary Commission to conduct a review of Parliamentary Constituency boundaries, and make recommendations to Government, every 5 years (next being September, 2018). The rules the Boundary Commission currently have to work to will result in a recommendation for 600 constituencies, down from the current 650 constituencies, with each having an electorate between 71,031 and 78,507 this being +/- 5% of the defined electoral quota of 74,769 for each of the proposed constituencies.

Appendix 2: County Council response to BCE revised proposals for new Parliamentary Constituency Boundaries

Boundary Commission for England & www.bce2018.org.uk
35 Great Smith Street
London
SW1P 3BQ

Dear Sir/Madam,

**Review of Parliamentary Constituency boundaries – 2018
Response to Boundary Commission for England’ Revised Proposals**

The Council’s Constitution Working Group (CWG), an all-party group, has discussed BCE’s revised proposals for new Parliamentary Constituency boundaries as they affect County Durham. The CWG’s deliberations of BCE’s revised proposals boundaries were reported to a meeting of the Council on 6 December 2017, where the CWGs concerns and comments were endorsed.

Members were highly critical of, and would object in the strongest possible terms, to the BCE revised proposals for the county area.

It is noted with concern that we are not considering minor re-alignments here. It is inconceivable that the electorates concerned, and all those other interested individuals/parties can effectively consider and meaningfully respond to the revised proposals before the consultation closes on 11 December 2017.

The revised proposals are a complete across-the-board change to BCE’s initial proposals with significant changes for the electorate of the County. Members are particularly concerned with the proposals to divide the existing “City of Durham” constituency between 5 revised constituencies and the existing “Easington” constituency between 3 revised constituencies and 3 local authority areas.

I can confirm that this Council categorically rejects BCEs revised proposals for new Parliamentary Constituency boundaries as they might apply to County Durham.

Yours sincerely,

Helen Lynch
Head of Legal & Democratic Services
Durham County Council

| APPENDIX 3 | | | | |
|-----------------------------|--|---|-----------------------|------------------------------------|
| Current Constituency | Ward/Division | | Electorate | Proposed Constituency |
| Bishop Auckland | Barnard Castle East | | 6,492 | Bishop Auckland |
| Bishop Auckland | Barnard Castle West | | 6,319 | Bishop Auckland |
| Bishop Auckland | Bishop Auckland Town | | 5,947 | Bishop Auckland |
| Bishop Auckland | Coundon | | 3,010 | Bishop Auckland |
| Bishop Auckland | Evenwood | | 6,231 | Bishop Auckland |
| Bishop Auckland | Ferryhill (pt) - Merrington (BAAHB) | Rest Ferryhill - Sedgefield | See Sedgefield | Billingham and Sedgefield |
| Bishop Auckland | Shildon & Dene Valley | | 9,384 | Bishop Auckland |
| Bishop Auckland | Spennymoor | | 8,444 | Bishop Auckland |
| Bishop Auckland | Tudhoe | | 6,079 | Bishop Auckland |
| Bishop Auckland | West Auckland | | 6,375 | Bishop Auckland |
| Bishop Auckland | Woodhouse Close | | 6,032 | Bishop Auckland |
| | | | | |
| City of Durham | Belmont | | 10,115 | City of Durham and Easington |
| City of Durham | Brandon | | 7,146 | North West Durham |
| City of Durham | Coxhoe | | 9,280 | Billingham and Sedgefield |
| City of Durham | Deerness (pt) - exc Cornsay (NWDOC) & Hedleyhope (NWDOD) | Rest Deerness - North West Durham | 9,018 | North West Durham |
| City of Durham | Durham South | | 1,619 | City of Durham and Easington |
| City of Durham | Elvet & Gilesgate | | 4,081 | City of Durham and Easington |
| City of Durham | Esh & Witton Gilbert (pt) - Witton Gilbert (DMB) | Rest Esh & Witton Gilbert - North West Durham | 6,192 | North West Durham |
| City of Durham | Framwellgate & Newton Hall | | 10,175 | North Durham and Chester-le-Street |
| City of Durham | Nevilles Cross | | 6,502 | City of Durham and Easington |
| City of Durham | Sherburn | | 6,531 | City of Durham and Easington |
| City of Durham | Trimdon & Thornley (pt) - Ludworth (DKC) | Rest Trimdon & Thornley - Sedgefield | See Sedgefield | City of Durham and Easington |
| City of Durham | Willington & Hunwick (pt) - Brancepeth (DQA) | Rest Willington & Hunwick - North West Durham | See North West Durham | Bishop Auckland |
| | | | | |
| Easington | Blackhalls (pt) - exc Station Town (SMA) | Rest Blackhalls - Sedgefield | 6,101 | Hartlepool |
| Easington | Dawdon | | 5,868 | Houghton and Seaham |
| Easington | Deneside | | 5,280 | Houghton and Seaham |
| Easington | Easington | | 5,559 | City of Durham and Easington |
| Easington | Horden | | 5,809 | City of Durham and Easington |
| Easington | Murton | | 5,820 | City of Durham and Easington |
| Easington | Passfield | | 3,539 | City of Durham and Easington |
| Easington | Peterlee East | | 5,484 | City of Durham and Easington |
| Easington | Peterlee West | | 6,119 | City of Durham and Easington |
| Easington | Seaham | | 5,270 | Houghton and Seaham |
| Easington | Shotton & South Hetton | | 6,413 | City of Durham and Easington |
| Easington | Trimdon & Thornley (pt) - Haswell Plough (EEA) | Rest Trimdon & Thornley - Sedgefield | See Sedgefield | City of Durham and Easington |
| | | | | |

| <u>Current Constituency</u> | <u>Ward/Division</u> | | <u>Electorate</u> | <u>Proposed Constituency</u> |
|-----------------------------|---|--|--------------------|------------------------------------|
| North Durham | Annfield Plain | | 5,670 | North Durham and Chester-le-Street |
| North Durham | Chester-le-Street East | | 2,919 | North Durham and Chester-le-Street |
| North Durham | Chester-le-Street North | | 2,999 | North Durham and Chester-le-Street |
| North Durham | Chester-le-Street South | | 5,937 | North Durham and Chester-le-Street |
| North Durham | Chester-le-Street West Central | | 5,825 | North Durham and Chester-le-Street |
| North Durham | Craghead & South Moor | | 5,177 | North Durham and Chester-le-Street |
| North Durham | Lumley | | 5,527 | North Durham and Chester-le-Street |
| North Durham | North Lodge | | 2,828 | North Durham and Chester-le-Street |
| North Durham | Pelton | | 9,889 | North Durham and Chester-le-Street |
| North Durham | Sacrison | | 5,357 | North Durham and Chester-le-Street |
| North Durham | Stanley | | 6,187 | North Durham and Chester-le-Street |
| North Durham | Tanfield | | 6,495 | North Durham and Chester-le-Street |
| | | | | |
| North West Durham | Benfieldside | | 6,180 | North West Durham |
| North West Durham | Burnopfield & Dipton | | 5,962 | Blaydon |
| North West Durham | Consett North | | 5,761 | North West Durham |
| North West Durham | Consett South | | 2,886 | North West Durham |
| North West Durham | Crook | | 8,995 | North West Durham |
| North West Durham | Delves Lane | | 6,026 | North West Durham |
| North West Durham | Deerness (pt) - Cornsay (NWDOC) and Hedleyhope (NWDOD) | Rest Deerness - City of Durham | See City of Durham | North West Durham |
| North West Durham | Esh & Witton Gilbert (pt) - exc Witton Gilbert (DMB) | Rest Esh & Witton Gilbert - City of Durham | See City of Durham | North West Durham |
| North West Durham | Lanchester | | 5,871 | North West Durham |
| North West Durham | Leadgate & Medomsley | | 6,440 | North West Durham |
| North West Durham | Tow Law | | 3,233 | North West Durham |
| North West Durham | Weardale | | 6,406 | North West Durham |
| North West Durham | Willington & Hunwick (pt) - exc Brancepeth (DQA) | Rest Willington & Hunwick - City of Durham | 6,822 | Bishop Auckland |
| | | | | |
| Sedgefield | Aycliffe East | | 6,240 | Billingham and Sedgefield |
| Sedgefield | Aycliffe North & Middridge | | 7,790 | Billingham and Sedgefield |
| Sedgefield | Aycliffe West | | 5,403 | Billingham and Sedgefield |
| Sedgefield | Bishop Middleham & Cornforth | | 2,937 | Billingham and Sedgefield |
| Sedgefield | Blackhalls (pt) - Station Town (SMA) | Rest Blackhalls - Easington | See Easington | Hartlepool |
| Sedgefield | Chilton | | 2,970 | Billingham and Sedgefield |
| Sedgefield | Ferryhill (pt) - exc Merrington (BAAHB) | Rest Ferryhill - Bishop Auckland | 8,151 | Billingham and Sedgefield |
| Sedgefield | Sedgefield | | 6,274 | Billingham and Sedgefield |
| Sedgefield | Trimdon & Thornley (pt) - exc Ludworth (DKC) and Haswell Plough (EEA) | Rest Trimdon & Thornley - City of Durham and Easington | 9,411 | City of Durham and Easington |
| Sedgefield | Wingate | | 2,913 | Hartlepool |
| | | | | |
| Sedgefield | Heighington & Coniscliffe | Darlington BC | 3,276 | Darlington |
| Sedgefield | Hurworth | Darlington BC | 2,867 | Darlington |
| Sedgefield | Sadberge & Middleton St George | Darlington BC | 4,598 | Darlington |
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