

23 January 2019

## Report from the Cabinet



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### Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 12 December 2018 to enable Members to ask related questions.

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1. **Mainstream Primary and Secondary Formula Funding 2019-20 and Transfer to High Needs Block**  
**Key Decision: CORP/R/18/06**  
**Deputy Leader of the Council, and Cabinet Portfolio Holder–**  
**Councillors Alan Napier and Olwyn Gunn**  
**Contact – Paul Darby 03000 261930**

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which requested approval of the local funding formula for mainstream primary and secondary schools from 1 April 2019 and academies from 1 September 2019.

The report follows on from the report to Cabinet in 17 October 2018 where a number of options were considered and a preferred option was agreed, subject to the outcome of consultation. The report provided the outcome of the consultation that has been made to the Secretary of

State for Education to agree to a transfer of funding from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG, equivalent to 0.5% (£1.535 million) and the impact on the local funding formula for mainstream primary and secondary schools for 2019/20. The report also set out the proposals for the use of council reserves in 2019/20 to augment the High Needs Budget.

Funding for the mainstream primary and secondary schools formula is provided through the Dedicated Schools Grant (DSG) and since 2013-14, the DSG has been split into different funding blocks, Early Years, Schools and High Needs (for Special Educational Needs and Disabilities - SEND) and from 2018-19 a Central School Services Block (CSSB) - the latter includes funding formerly included in the Schools Block and Education Services Grant.

The DfE had previously announced that local formulas would be replaced by the National Funding Formula (NFF) from 2020-21, however, in July 2018, the DfE announced that this has been postponed and local authorities will continue to set local formulas for 2020-21.

In setting the funding formula for mainstream primary and secondary schools for the current financial year, the Council took the decision to use a transitional formula, intended to smooth the transition from the local formula in place in 2017/18 to the National Funding Formula based allocations for individual schools over three years (2018/19 to 2020/21), with the plan to converge in 2020/21.

In October, Cabinet considered a range of options with regards to the local formula that could be applied in 2019/20 and resolved to continue with the strategy agreed last year, subject to the outcome of consultation.

From 2013-14 to 2017-18 funding for the High Needs Block (HNB) was largely based on historic patterns of budget allocation in County Durham. The HNB is now based on a national formula. However, the amount of funding being provided by Government is insufficient to meet demand, where pressure on this area of the budget has increased significantly as a result of the SEND Reforms in 2015/16.

In 2017-18 there was an overspend against the HNB of £4.652 million. For the current year, the updated forecast overspend is indicating a £5.431 million overspend. The QTR2 outturn forecast reported to Cabinet on 14 November shows a c£5.284 million overspend. In 2019/20 HNB spending is forecast to exceed the budget by circa £5.6 million.

No additional High Needs DSG funding allocations were announced in the Budget on 29 October 2018. The grant settlement was expected on

6 December 2018 and the final DSG allocations are expected later in December.

In the absence of additional government funding, to help alleviate some of these continuing pressures, Cabinet (17 October) considered and approved proposals to seek to transfer funding up to the maximum permissible from the DSG Schools Block to the HNB in 2019/20, to help address the current shortfall, subject to the outcome of consultation.

An application to transfer funding from the Schools Block needed to be submitted to the Secretary of State for Education by 30 November.

On 5 November 2018 the Schools Forum met to consider the options available with regards to the formula and the proposals to transfer funding from the DSG Schools Block to the High Needs block in 2019/20.

The Schools Forum resolved to ask the Council to consider slowing down the rate of transition towards the National Funding Formula and instead of reaching convergence in 2020/21 aim to reach convergence a year later. In addition, whilst sympathetic to the financial pressures being experienced in the High Needs Block, the Schools Forum resolved not to support any transfer from the DSG Schools Block.

On 30 November 2018 an application was submitted to the Secretary of State for Education to transfer funding from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG, equivalent to 0.5% (£1.535 million). This is insufficient to meet the financial pressures within the High Needs Budget next year, but represents the amount that could have been agreed locally by the Schools Forum without the need to apply to the Secretary of State for Education.

In making this application, the Council has recognised the financial pressures all schools are under as a result of real terms cuts to the DSG. A review of High Needs spending is underway and the Council will continue to lobby Government for additional DSG. As a one-off measure, the shortfall in the High Needs Budget will be met from the Council's Budget Support Reserve in 2019/20. This is not however a sustainable long term solution. The Councils MTFP will therefore factor in a £4.1 million budget pressure in 2019/20, funded through a one off application of Budget Support Reserve to augment the High Needs budget in 2019/20 and allow a balanced budget to be set.

A sustainable solution will have to be found in partnership with schools to this issue and further reports will be considered by cabinet over the coming months on this issue.

Appendix 3 sets out details of the impact on the local funding formula for mainstream primary and secondary schools for 2019/20, including the impact of the application to Secretary of State for Education to agree to a transfer of funding from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG, equivalent to 0.5% (£1.535 million). Comparative figures with no transfer and with the maximum transfer possible are also provided to put the 0.5% transfer in context.

Appendix 4 provides details of the local formula factors to be applied in 2019/20, which are draft at this stage. The final formula factors will be determined in January following receipt of the final confirmed pupil numbers and DSG funding allocations.

## **Decision**

We have:

- (a) Agreed to adopt a local funding formula for mainstream primary and secondary schools for 2019/20 that continues the transition towards the National Funding Formula, but at a slower rate of transition, with convergence of the local formula factors in 2021/22;
- (b) Noted the significant financial pressures being experienced in the High Needs DSG budget and the need to set a balanced budget in 2019/20, which has necessitated an application to the Secretary of State for Education to transfer funding from the Schools Block Dedicated Schools Grant (DSG) to the High Needs Block DSG, equivalent to 0.5% (£1.535 million);
- (c) Agreed to apply up to £4.1 million of Budget Support Reserve to augment the High Needs budget in 2019/20 and allow a balanced budget to be set;
- (d) Noted that further lobbying will be undertaken to try and secure more funding from Government to address these pressures in the High Needs DSG budget and that further reports will be submitted following the completion of the High Needs review.
- (e) Noted that the position will be reviewed in 12 months' time, in advance of agreeing the local funding formula for mainstream primary and secondary schools for 2020/21.

**2. Town and Village Centres – Way Forward**  
**Cabinet Portfolio Holder– Councillor Carl Marshall**  
**Contact – Sarah Robson 03000 267332**

We have considered a report of the Corporate Director of Regeneration and Local Services which set out proposals for an enhanced approach to the regeneration of towns and villages across the county. The report sought to:

- (a) Confirm the continuation of town centre regeneration in line with the suite of established masterplans for the main centres;
- (b) Highlight the opportunities for a renewed regeneration focus in towns and villages across the county; and
- (c) Highlight opportunities for concerted programmes of activity to make step change improvements in selected centres.

The Council's Regeneration Statement identifies the key priorities for investment to transform the economy of the county and ensure residents and businesses benefit from the opportunities delivered. Since 2010, there have been a wide range of successful regeneration projects and programmes delivered by the Council and its partners across the County. Building on this success the council is looking to develop a stronger focus on local priorities in towns and villages. The report set out issues identified through discussions with local members and highlights a number of action available to the council and its partners to tackle them. Issues range from the need to support local retail, problems with vacant buildings and land, the condition of the environment and the impact of private landlords and empty properties and it also identifies additional capital funding to help deliver the local projects and programmes.

The guiding principles for the next phase of town and village regeneration are recommended to include:

- (a) Concentrating retail uses – shortening traditional high streets where demand for extra space no longer exists and filling retail gaps.
- (b) Targeted work to address empty and/or poor quality and wrongly configured property through support, conversion, acquisition and assembly. This may lead to demolition of problem local buildings.
- (c) Utilising enforcement powers to their maximum benefit to address those issues that are dragging down the rest of a community or place;
- (d) Working with private landlords to raise the quality of the offer in the private rented sector;

- (e) Maximising partnership opportunities with private and public sector investors to deliver a wider range of uses in town centres that address the decline in retail use.
- (f) The introduction of alternative uses including leisure, commercial and residential schemes as appropriate to local needs.
- (g) Responding to market trends, eg Click and Collect and working with local companies to maximise such opportunities.
- (h) Maximising the impact of council land and facilities in and around centres, providing visible facilities, driving building efficiencies and securing capital receipts where possible.
- (i) Improving accessibility – focussing on transport improvements.
- (j) Development of digital programmes to reflect channel shift in retailing and customer expectations.
- (k) Maintaining a targeted recruitment and training approach to ensure local residents and businesses benefit from the investment and new job opportunities across centres.
- (l) Ensuring other elements that make up a town are well managed and support local communities, especially cleansing and environmental maintenance.

The approach set out within the report aims to build on the work successfully delivered since 2009 but through a revised and wider approach, ensure that local community concerns and town and village centre opportunities are tackled at different levels to ensure the whole county benefits.

Further reports will be presented on strategic schemes where opportunities suggest larger scale investment and change that will benefit a wider area are deliverable.

## **Decision**

We have:

- (a) Agreed the approach to the delivery of an enhanced town and village programme.
- (b) Supported an increase in capital programme investment through the capital bidding process.
- (c) Supported further work being undertaken to identify strategic town centre regeneration schemes that alongside partner investment can deliver transformational change in key town centres.
- (d) Agreed the programme management approach outlined in the report.

**3. Joint targeted area Inspection (JTAI) of the multi-agency response to domestic abuse in Durham – Action Plan  
Cabinet Portfolio Holder– Councillor Olwyn Gunn  
Contact – Julie Scurfield 03000 261630**

We have considered a report of the Corporate Director of Children and Young People's Services which provided an update following the Joint Targeted Area Inspection of the multi agency response to children living with or experiencing domestic abuse in County Durham.

Between 9 and 13 July 2018, Ofsted, the Care Quality Commission, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) and HMI Probation undertook a joint inspection of the multi-agency response to domestic abuse in Durham. This inspection included a 'deep dive' focus on the response to children of all ages living with domestic abuse.

Key findings from the inspection were contained in a letter which was provided to all key partners which included a number of strengths, one area for priority action and a number of areas for improvement.

The Corporate Director of Children's Services is the lead officer and was required to work with Chief Officers of the Local Safeguarding Children's Board (LSCB) to provide a response to the letter by 3 December 2018 with a written statement of proposed actions to the findings.

29 areas of strength in relation to practice across the partnership were identified. These were summarised in the report.

Inspectors identified one area for Priority Action and required the partnership to act swiftly to improve the functioning of Strategy meetings, which are held when risk of significant harm to children is considered to be high. Strategy Meetings bring key partners together swiftly and usually within 24 hours. Key partners are set out within Working Together 2018 and include Children's Social Care, Police, Health and other relevant agencies such as schools and/or nursery providers. Inspectors identified that when the threshold for a Strategy meeting is reached, there was significant variation in how long it took for the meetings to be convened. They were critical of agencies with key information either failing to attend Strategy meetings or to provide relevant information to inform the meeting and to enable an effective risk assessment to take place. Records of the key actions and agreements of the meeting were not always shared.

There were 42 areas for improvement identified following the inspection which are set out within the letter. For the purposes of developing a coherent action plan, these 42 areas, together with the Priority Action

were grouped into 5 multi-agency improvement areas which were outlined in the report.

Work has been ongoing with partners to develop a multi-agency JTAI Improvement Action Plan which sets out the detailed actions partners will take to address the inspection findings. The plan includes a description of the expected impact of each action and sets out a programme of scrutiny and audit to assure partners that the required impact has been achieved.

## **Decision**

We have approved the JTAI Improvement Action Plan and the proposed governance arrangements.

### **4. Regional Adoption Agency Cabinet Portfolio Holder– Councillor Olwyn Gunn Contact – Paul Darby 03000 261930**

We have considered a report of the Corporate Director of Children and Young People's Services which sought agreement for the future structure of adoption services for County Durham to meet the requirements of Government to be part of a Regional Adoption Agency (RAA) which considered Durham's position in relation to the Host Model and risks of being the host organisation and risk of not.

The Council has responded to the Government requirements to move to RAAs where its aspiration is to have fewer organisations recruiting and assessing adopters and having organisations that are operating at much greater scale.

This intention was set out in the Education and Adoption Act 2016 which introduced power in March 2018 for the Secretary of State to require local authorities to carry out their adoption functions jointly.

In December 2016 Durham County Council, Cumbria County Council and Together for Children/Sunderland City Council began working together with assistance from the Department for Education (DfE) to consider how they could develop a RAA. Durham successfully led the bid outlining the proposals to develop the RAA and to ensure that the three Local Authorities would comply with the DfE requirements. This was approved by the DfE in March 2018.

Since then the Corporate Director of Children's Services for Durham County Council has chaired the Governance Board which was awarded a grant from the DfE of £670,000 to establish the new organisation by October 2019.



The future governance arrangements for the RAA have now been explored where there are four potential legal forms:

- RAA hosted by a single lead Council.
- RAA established as a jointly owned Local Authority Company.
- RAA established as a Joint Venture Company between the Councils and Voluntary Adoption Agency (VAA).
- Appoint a third company to act as the RAA.

The Governance Board concluded in October 2018 that option (a) where the hosted model by a single lead Council was the most cost effective and efficient model. It was also the most popular model adopted by other RAAs already ahead in their transformation plans and those which had already gone “live”.

The preferred model will need to be agreed by all three Local Authorities, and each Local Authority will need to decide if it wishes to be the lead Local Authority. In the event of more than one Local Authority wishing to be the lead, an independent competitive process will be established.

The outline business case was attached to the report. The Governance Board has oversight of the Project as it moves forward and the Project Board has a number of Working Groups across Legal Services, Finance and IT Systems as well as the development of adoption practices within the RAA. These Groups will steer the required work to set out a full business case by the summer of 2019. The full business case will be presented to Cabinet when agreement to proceed with the Full Business Case is agreed by the Governance Board.

## **Decision**

We have:

- (a) approved the principle of forming a RAA comprising the areas of County Durham, Sunderland(Together for Children) and Cumbria and five Voluntary Adoption Agencies in accordance with statutory requirements;
- (b) considered and approved the outline business case for the RAA;
- (c) agreed that Durham County Council should bid to become the host authority when the RAA is established.

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

15 January 2019