

20 February 2019

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 16 January and 6 February 2019 to enable Members to ask related questions.

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1. County Durham Plan Pre-Submission Draft
[Key Decision: REAL/01/18]
Cabinet Portfolio Holder – Councillor Carl Marshall
Contact – Mike Allum 03000 261 906

We have considered a report of the Corporate Director of Regeneration and Local Services which sought our agreement to the following:

- 1 the publication and consultation of the pre-submission draft of the County Durham Plan;
- 2 public consultation on the County Durham Building for Life and Residential Amenity Standards Supplementary Planning Documents (SPDs);
- 3 the adoption of the Habitat Regulations Assessment: Developer Guidance and Requirements in County Durham;
- 4 supporting documents for consultation including the Sustainability Appraisal, Habitat Regulations Assessment, Health Impact Assessment, Spatial Strategy Justification, Exceptional Circumstances and Statement of Consultation.

The pre-submission draft of the County Durham Plan is the final stage in the Plan's development. It has been informed by extensive formal consultation with residents, businesses, the development industry, key stakeholders and neighbouring authorities.

The pre-submission draft has also been informed by a number of integral assessments including sustainable appraisal, habitat regulation assessment and health impact assessment. It is also supported by supplementary planning documents and an extensive evidence base.

The County Durham Plan seeks to ensure that County Durham is a successful place to live, work, invest and visit by focussing on supporting and creating vibrant communities by delivering:

- more and better jobs and sustained economic growth;
- a wide choice of high quality homes that supports economic growth and meets the needs of all people;

- a high quality built and enhanced natural environment; and
- the necessary supporting infrastructure including transport, health and educational needs.

Consultation on the pre-submission draft will run from 25 January 2019 until 8 March 2019. This is in accordance with the adopted Local Development Scheme. There will be an opportunity to make minor modifications to the Plan, following the consultation, before submission to the Secretary of State. Prior to its submission the Plan must be agreed by both Cabinet and Full Council. This is likely to be in June 2019. The Planning Inspectorate will then inform on the dates for the examination in public which is anticipated to be during Autumn/Winter 2019.

Decision

We have:

- (a) Agreed the County Durham Plan pre-submission draft for publication and consultation from 25 January 2019 to 8 March 2019;
- (b) Agreed that any minor modifications following Cabinet agreement and before consultation begins be authorised by the Corporate Director of Regeneration and Local Services in consultation with the Portfolio Holder for Regeneration and Economic Development;
- (c) Agreed, for consultation, the Sustainability Appraisal, Habitat Regulations Assessment, Health Impact Assessment, Statement of Consultation, Exceptional Circumstances and the Spatial Strategy Justification;
- (d) Agreed the County Durham Building for Life Supplementary Planning Document for consultation from 25 January 2019 to 8 March 2019 and agreed to delegate to the Director of Regeneration and Local Services, in consultation with the Portfolio Holder for Economic Regeneration, the power to make minor modifications to the document following consultation and approve the final document;
- (e) Agreed the Residential Amenity Standards Supplementary Planning Document for consultation from 25 January 2019 to 8 March 2019; and
- (f) Agreed to adopt the revised Habitat Regulations Assessment: Developer Guidance and Requirements in County Durham.

**2. County Durham Housing Strategy and County Durham Homelessness Strategy [Key Decision: REAL/02/18]
Cabinet Portfolio Holder – Councillor Kevin Shaw
Contacts – Mike Allum 03000 261 906 and
Lynn Hall 03000 265 728**

We have considered a report of the Corporate Director of Regeneration and Local Services which sought agreement to publish the County Durham Housing Strategy and the County Durham Homelessness Strategy, for public consultation.

The County Durham Housing Strategy has been developed to consider housing issues across County Durham. The Strategy will provide a strategic framework to inform the actions and investment of the council and its partners and has been developed to ensure the council is well positioned to maximise future opportunities for funding support.

The Housing Strategy contains a series of 'key messages' which serve to articulate the council and its partner's delivery priorities and approach to addressing housing issues. First and foremost, the Housing Strategy seeks to put people first and to focus on the housing needs of the residents of County Durham. Key messages within the Housing Strategy include:

- a) delivering homes to meet the needs of older people within communities and supporting people to live independently for as long as possible;
- b) raising standards across the private rented sector through seeking greater licensing powers in order to tackle poor landlords, as well as continuous engagement with landlords and the extension of the Accredited Landlord Scheme for responsible landlords;
- c) working with those communities most affected by long term empty properties. This will include working with property owners and landlords with the aim of bringing empty properties back into use wherever possible; and
- d) maximising the delivery of affordable homes, both by securing developer contributions as part of new housing development and through close partnership working with Registered Providers and Homes England.

Under the Homelessness Act 2002, all housing authorities must have in place a Homelessness Strategy based on a review of all forms of

homelessness in their area. The purpose of the Homelessness Strategy is to set out the strategic approach, key priorities and actions to work towards preventing homelessness across County Durham over the next three years.

The homelessness strategy includes three overall aims and an action plan for each aim. The aims are as follows:

- i. to prevent homelessness through early intervention;
- ii. to increase access to and the supply of accommodation for those who homeless or threatened with homelessness; and
- iii. to provide a range of support services to reduce the risk of households becoming homeless.

The Housing Strategy and the Homelessness Strategy will be published as a separate, coordinated, public consultation for a period of six weeks commencing on 25 January 2019. Consultation will be undertaken with residents of County Durham and other stakeholders with a potential interest in the content of the document. The council will make use of its partnership structure to assist in disseminating information about the Housing Strategy. This will also provide a means to ensure engagement with the providers of specialist housing products and services.

Decision

We have:

- a) Agreed the Housing Strategy for consultation on 25 January to 8 March 2019;
- b) Agreed the Homelessness Strategy for consultation on 25 January to 8 March 2019; and
- c) Agreed that any minor modifications, following approval by Cabinet and before consultation begins, be authorised by the Corporate Director of Regeneration and Local Services in consultation with the Portfolio Holder for Strategic Housing and Assets.

3. Durham History Centre – Next Steps

[Key Decision: CORP/TAP/01/19/1]

Cabinet Portfolio Holder – Councillor Kevin Shaw

Contacts – Mike Allum 03000 261 906 and

Lynn Hall 03000 265 728

We have considered a report of the the Director of Transformation and Partnerships which provided an update on progress with the Durham History Centre project and requested our agreement in relation to the next steps for funding.

The Durham History Centre project has progressed significantly since the proposal was considered by Cabinet in January 2018. Public and stakeholder consultation has shaped the proposal. Over 600 individual responses to the consultation were received, with overwhelming support for the project proposal. Respondents were keen on exhibitions, multi-media access, interactive engagement and especially the inclusion of the DLI/military collection in the new centre. This was supported by 96% of respondents and is therefore a key element of the project proposal. The report set out the estimated range of capital costs for the scheme between £14.8 and 17.7million, and agreed that these would be included in future MTFP plans. The report also agreed the submission of an external funding bid. The bid for this was heavily oversubscribed and HLF funding was unsuccessful, however, in line with the widespread public support for the scheme, the report proposed that the Durham History Centre project continue to be progressed.

The report also proposed that the Council complete the purchase of Manor House at Mount Oswald, and continue with detailed design of the proposed scheme. As outlined in the October 2018 Cabinet report, this will include development of a digital strategy and activity plan to widen participation in the service and the site.

The report also recommended the consideration of other funding sources to support both revenue and capital aspects of the scheme, in particular the digital strategy, exhibition fit out and the activity plan. Whilst ongoing revenue costs could be met within existing service budgets, one off revenue costs would need to be funded either from a small dedicated revenue budget for the project, from general reserves (decant and dual running costs) or external funding.

The Durham History Centre project would bring together five archive and collection services, alongside Durham Register Office, in a Grade II listed building, creating a flagship facility where 'stories begin' and people can discover and explore national and internationally significant collections. Durham History Centre would be at the heart of a new audience-focused service reaching out across County Durham through activities, digital programmes and partnerships.

Decision

We have agreed:

- a) to continue with the Durham History Centre project;
- b) noted the forecast maximum capital requirement of £17.7 million and that further bids to fund the scheme will be submitted as part of development of MTFP (9) £6.6 million and MTFP (10) £3.3 million;

- c) noted the ongoing focus of the project team to manage costs through value engineering;
- d) noted that as reported in January 2018, ongoing revenue costs can be met from available resources;
- e) noted that one off revenue costs will be met from a mix of a dedicated project budget, general reserves for decant and dual running costs, alongside further external funding bids to support the new centre, in particular to support exhibitions and activities;
- f) authorised the Corporate Director, Regeneration and Local Services and the Corporate Director of Resources in consultation with the Portfolio Holders for Strategic Housing and Assets and Finance to continue negotiations with the landowner to acquire Mount Oswald Manor House; and
- g) agreed to further public consultation on the design of the scheme, exhibition and activity plans.

**4. The County Durham Strategic Cycling and Walking Delivery Plan 2019-2029
Cabinet Portfolio Holder – Councillor Carl Marshall
Contact – Victoria Lloyd-Gent 03000 265 311**

We have considered a report of the Corporate Director of Regeneration and Local Services which sought approval for the Strategic Cycling and Walking Delivery Plan for County Durham 2019-2029.

The Strategic Cycling and Walking Delivery Plan sets out the ambition to make County Durham a place that is recognised as a cycling and walking friendly county, and that the networks are safe, accessible and well maintained.

It also seeks to encourage more people, across all demographic groups, to take up cycling or walking for everyday journeys and that the quality of people's lives, health and fitness are improved. The ten year delivery plan is accompanied by a five year action plan. This will be used to create an annual work programme enabling progress to be monitored against the overall delivery of the plan.

The adoption of the Strategic Cycling and Walking Delivery Plan will place the council in a good position to attract additional external funding.

It is also important to continue to work closely with colleagues across the north east region to ensure the delivery plan is recognised in the emerging regional transport framework, which will be led by the new statutory Joint Transport Committee.

Decision

We have approved the final version of the Strategic Cycling and Walking Delivery Plan for County Durham 2019-2029.

5. 2019 Year of Culture including Durham County Council's Festivals and Events Calendar 2019/20
Cabinet Portfolio Holder – Councillor Ossie Johnson
Contact - Stephen Howell 03000 264 577

We have considered a report of the Corporate Director of Regeneration and Local Services which confirmed details of the 2019/20 festivals and events programme. The report also sought agreement for the allocation of funding to the programme. The report also set out the wider context of the Council's programme within a 'Year of Culture' campaign incorporating partner and community cultural events from across the County.

The Year of Culture and the Council's own programme aligns with the Durham Tourism Management Plan priorities. It is envisaged to generate significant economic benefits for the local economy, whilst at the same time playing a critical role in realising the County's ambitions across a number of priorities by encouraging more people to discover and engage with Durham's culture and heritage.

Festivals and events have an important role to play in delivering the corporate approach to culture-led regeneration as they help place and position County Durham positively. Whilst at the same time supporting skills and health by engaging more people in culture and sport, attracting investment and extending engagement in community life and volunteering.

2019 sees a year of increased activity with a range of new cultural events, openings and anniversaries. These new activities build on the continued growth in cultural activity both through the County Council and wider partners that has been experienced in recent years. In 2019, it is planned to recognise this with a year of activities, festivals, events and anniversaries, in a designated 2019 Year of Culture.

The Year of Culture and the Council's own programme recognises the importance to tourism, economic impact and the benefit to residents. This work aligns with the Durham Tourism Management Plan priorities

and is envisaged to generate significant economic benefits for the local economy, whilst at the same time playing a critical role in realising the County's ambitions across a number of priorities by encouraging more people to discover and engage with Durham's culture and heritage.

Increasing the consumption of culture, arts and heritage tourism experiences by visitors and residents the programme will provide a cultural legacy for the county which can be enjoyed by residents and visitors long after 2019.

Within both the Council's event programme and the wider Year of Culture there are many events which are free to access, encouraging engagement from all sectors of the community. Many events also have associated programmes to encourage learning and engagement for targeted populations and groups. The overall programme will encompass not only the larger scale events but also ensuring more local, community events, form part of the offer.

Decision

We have:

- (a) endorsed the 2019 Year of Culture campaign work and agreed that promotional work is progressed;
- (b) approved the proposed allocation of budget for the 2019/20 Annual Programme and Investment and Development programme of events, noting the decision to enhance Durham County Council funding to this area of work from within service budgets;
- (c) approved the proposed changes to the programme; and
- (d) noted the draft forward plan for potential signature events or support requests.

6. Camera Enforcement of Bus Lane Contraventions Cabinet Portfolio Holder – Councillor Ossie Johnson Contact – Stephen Howell 03000 264 577

We have considered a report of the Corporate Director of Regeneration and Local Services which sought approval to undertake civil enforcement of bus lanes using a column mounted camera. Enforcing bus lanes by camera will encourage greater compliance to the restriction which in turn will improve bus journey times, increasing service reliability and encourage sustainable transport.

Enforcement of bus lane restrictions is currently the responsibility of Durham Constabulary, however, other priorities mean that providing a

regular police enforcement presence is not possible. In 2013 the Council received approval to enforce bus lane contraventions and this report sought approval to commence this activity using Automatic Number Plate Recognition (ANPR) technology.

Overall it is envisaged that the introduction of a re-deployable bus lane enforcement camera will assist in responding to public concerns and deliver the following benefits:

- i. improved public transport timetable reliability, particularly at peak times;
- ii. reduced bus journey times;
- iii. encourage more use of sustainable transport methods;
- iv. reduce potential vehicle/pedestrian conflict and improve the general feel of the main pedestrian route from the bus station to the Market Place;
- v. assist in addressing longer term community concerns in relation to access contravention;
- vi. demonstrate a commitment to deal with the minority of motorists who consistently flout restrictions; and
- vii. free up a Police resource for core policing duties.

It is expected that the proposed soft launch together with extensive publicity will help to educate motorists and encourage compliance.

Decision

We have agreed that the Council take over the responsibility for enforcement of bus lane restrictions from Durham Constabulary and that a bus lane camera enforcement system be procured to ensure effective enforcement.

7. Medium Term Financial Plan(9), 2019/20 to 2022/23 and 2019/20 Budget

**Leader of the Council and Deputy Leader of the Council – Councillors Simon Henig and Alan Napier
Contacts - Jeff Garfoot 03000 261 946
Jenny Haworth 03000 268 071
Gordon Elliott 03000 263 605 and
Paul Darby 03000 261 930**

We have considered a joint report of the Corporate Director of Resources and the Director of Transformation and Partnerships which provided an update on the development of the 2019/20 budget and the Medium Term Financial Plan (MTFP(9)) 2019/20 to 2022/23, reflecting upon the content of the Chancellor of the Exchequer's Autumn Budget published on 29 October 2018 and the provisional Local Government Finance settlement published on 13 December 2018. The report also

considered the outcomes of the MTFP(9) Budget Consultation process. On 11 July 2018 Cabinet considered an update report on the continuing uncertainty facing local government due to ongoing austerity, pressures in social care and other unfunded pressures from pay and price inflation. The report also provided an update on the Fair Funding Review and the Council's significant exposure to changes being considered to the methodology for apportioning Public Health funding. Updated financial projections at that point identified a savings requirement of £35.3 million over the four year MTFP(9) period, with £8.8 million of savings required to balance the budget in 2019/20. In total £14.2 million of saving proposals were identified across the MTFP(9) period leaving a shortfall of £21.1 million to balance the MTFP.

The Local Government Finance Settlement was announced on 13 December, 2018 and confirmed additional one off Winter Pressures funding and Social Care funding for 2019/20 of £2.822 million and £4.821 million respectively. The settlement also confirmed additional 2018/19 one off funding of £1.921 million relating to refunded levy sums from the Business Rate Retention process.

The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant budget which provides support to children with special needs. Additional funding of £1.059 million has been provided in 2018/19 and 2019/20, although these sums are not sufficient to meet the budget pressure the council is currently experiencing.

The settlement confirmed that the government intends to reimburse authorities who would experience negative Revenue Support Grant (RSG). The total reimbursement is £153 million. Negative RSG occurs where government funding cuts reach a point where some local authorities, who have relatively high tax bases, no longer receive any RSG. Ordinarily these authorities have their business rate tariff increased which ensures all authorities experience a similar reduction or increase in Core Spending Power (CSP). Government are however proposing to view negative RSG in isolation to CSP and make an adjustment to ensure negative RSG does not occur – which will result in additional resources for those authorities and increase their CSP.

The impact upon Core Spending Power for 2019/20 is significant. The average CSP increase across the country in 2019/20 is 2.8%. Wokingham has a 6.3% increase, North Yorkshire 4.8% and Surrey 4%. The reimbursement to Surrey for Negative RSG is £17 million in 2019/20. The Local Government Finance Settlement only provided definitive information for 2019/20. The settlement position for 2020/21 and beyond will be determined by the 2019 Comprehensive Spending

Review (CSR) and the outcome of the Fair Funding Review, which will be implemented from 2020/21. The outcome of these reviews will be very much influenced by the outcome of Brexit.

A Fair Funding consultation document was published on 13 December providing options on how the Government would seek to implement the outcome of the review from 2020/21. Further consultations are expected on the detail of the specific formula for distributing resources.

The impact of changes upon the Council's financial assumptions have resulted in the total savings required across the four years of MTFP(9) increasing from the previously forecast £35.3 million to £39.5 million. Although additional savings have been identified, the estimated savings shortfall has increased from £21.1 million to £23.2 million for the period 2019/20 to 2022/23.

The MTFP(9) budget consultation process was primarily targeted at engaging with partner agencies and the public on the Council's approach to savings to date and the proposed approach to achieving the full MTFP(9) savings requirements, including details of the savings proposals that had been proposed. The consultation also sought views on the strategic priorities for the County, to inform the new vision and corporate plan. The responses from the consultation were supportive of the approach the Council is taking whilst recognising the significant challenge faced from reductions in funding and increasing demand for statutory services.

Decision

We have noted:

- (a) the overview of the Chancellor of the Exchequer's Autumn Budget and the impact upon local government;
- (b) the impact of the provisional local government finance settlement upon the council;
- (c) the adjustments to the 2019/20 Budget which will result in the requirement to utilise £4.1 million of the Budget Support Reserve;
- (d) that savings required across the MTFP(9) period 2019/20 to 2022/23 has increased to £39.5 million;
- (e) that £16.3 million of savings have been identified across the MTFP(9) period but the council will need to identify and approve additional savings of a forecast £23.2 million across the 2019/20 to 2022/23 period to balance the budget;

- (f) the output from the MTFP(9) budget consultation process and utilise the information when considering budget setting across the MTFP(9) period;
- (g) the changes to the Discretionary Rate Relief scheme(s) outlined in the report and approve the updated Policy.

8. Capital Self-Financing Request – Buy to Lease Project
Cabinet Portfolio Holder – Councillor Kevin Shaw
Contact - Lynn Hall 03000 265 728

We have considered a report of the Corporate Director of Regeneration and Local Services which sought agreement to the capital request an arrangements for a buy and / or lease residential project for people in housing need in County Durham.

A request was submitted as part of the Council's MTFP 9 capital bidding process to purchase and lease properties to enable alternative provision for people who require housing support but are unable to access social housing due to their particular circumstances.

The proposal was to either purchase empty properties within Durham or refurbish properties currently owned by Durham County Council (DCC) to be used to fulfil Durham County Council's (DCC) statutory duty to those that are homeless or at risk of homelessness and who require support to sustain a tenancy.

The Homelessness Reduction Act 2017 has placed new legal duties on local authorities so that everyone who is homeless or at risk of homelessness will have access to meaningful help, irrespective of their priority need status, as long as they are eligible for assistance.

Both social and private landlords (LLs) are becoming more risk averse to housing those people who have the most complex needs. This together with the lack of appropriately sized accommodation is adding to the pressures of finding accommodation for those to whom we owe a duty.

This capital request was for a sum of £500,000 to purchase and/or refurbish and bring into use empty properties. It is intended to purchase the first 10 properties within Durham as a pilot with a further bid following should the initial pilot be successful.

A framework of providers will be put in place to lease these properties and provide a housing management function which reduces the requirement for the Council to manage the properties on a day to day basis. This framework will generate a small revenue income to DCC to be recycled into the project.

It is assumed that the average cost of purchasing, refurbishing and bringing into use an empty property is £50,000, which would allow ten properties to be brought into the scheme. The annual financing charge associated with each property is £3,034 assuming a 25 year period repayment period at an interest rate of 3.5%.

For each property, the revenue income to be generated must, as a minimum, cover at least the financing charge and leave a surplus to cover any other revenue costs of managing the project. The income assumed from leasing properties to a management provider is £400 per month or £4,800 per year based on the average local housing allowance for 1 to 3 bed properties covering the Durham, Sunderland and Darlington areas.

A surplus of £1,766 is made on average after deducting the financing charge and assuming no other costs are taken into account. The following table summarises the position for an individual property and also assuming ten properties are brought into the scheme:

	One property	Ten properties
Capital Purchase price	£50,000	£500,000
Revenue: Financing charge	£3,034	£30,340
Revenue: Leased income	(£4,800)	(£48,000)
Revenue: Surplus	(£1,766)	(£17,660)

Initial discussions have taken place with various teams within DCC which this project will affect namely legal, assets, direct services and procurement. As long as the numbers remain low at any one time all teams will manage within current resources.

Key partners such as the Police and Anti-Social Behaviour (ASB) teams will be involved in the decisions as to where to purchase properties and where households are housed, to reduce any impact on communities.

The project was presented to a selection of staff from Children's and Adult Services who are keen to explore the use of such accommodation to fulfil their statutory duty and reduce current expenditure.

Decision

We agreed to support the allocation of £500,000 capital funding and will receive further progress reports.

9. Review of the Council's Statement of Licensing Policy Cabinet Portfolio Holder – Councillor Brian Stephens Contact - Joanne Waller 03000 260 924

We have considered a report of the Corporate Director of Regeneration and Local Services which sought approval to undertake a public consultation leading to the production of a revised version of the policy statement to be recommended for adoption by Council.

The current Statement of Licensing Policy expires in October 2019. In order for the Council to fulfil its statutory obligations under the Act it is necessary to adopt a new policy before that date.

In reviewing the Statement of Licensing Policy, the Council should widely consult on its content and give due consideration to any comments received as part of the consultation process. The report proposed that between Monday 11 February and Friday 3 May 2019 the current Statement of Licensing Policy will be subject to a 12 week consultation. The policy revision will be widely advertised in the local and regional press and it will also appear on the Council's website where email responses will be invited.

A further report will be presented to the Statutory Licensing Committee on completion of the consultation exercise.

Decision

We have agreed that the current Statement of Licensing Policy be consulted upon for a 12-week period and that the Statutory Licensing Committee be asked to consider the results of that consultation and give their comments and recommendations to Full Council for approval by 30 October 2019.

**10. Medium Term Financial Plan 2019/20 to 2022/23 and
Revenue and Capital Budget 2019/20**
[Key Decision: CORP/R/18/01]
**Leader of the Council and Deputy Leader of the Council –
Councillors Simon Henig and Alan Napier**
Contacts - Jeff Garfoot 03000 261 946
Jenny Haworth 03000 268 071 and
Gordon Elliott 03000 263 605

We have considered a joint report of the Corporate Director of Resources and the Director of Transformation and Partnerships which provided comprehensive financial information to enable Cabinet to agree the 2019/20 balanced revenue budget, an outline Medium Term Financial Plan MTFP(9) 2019/20 to 2022/23 and a fully funded capital programme.

The Fair Funding Review is scheduled for implementation from April 2020 alongside a move to 75% Business Rates Retention (BRR). There is no certainty as to future local authority funding allocations beyond this point and there is no clarity on how funding will be distributed at this stage. It is clear however, that there are significant risks to the council's funding depending on the principles that are agreed for fair funding distribution and how the move to 75% BRR is implemented. It is also clear that the council is likely to face further unfunded cost pressures in the future unless there is a change in government policy relating to local government funding and distribution.

Early indications from the Fair Funding Review discussions are that the government are considering the adoption of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant from April 2020. From this date Public Health Grant will form part of BRR. This is a significant financial risk - the council would be the biggest loser of Public Health funding of any authority in the country losing a forecast £19 million (circa 35%) of current public health funding. The ACRA formula sees a significant shift in Public Health funding from deprived areas to more affluent areas. The major beneficiary of these changes would be Surrey County Council which would benefit from an increase of circa £14 million.

It is likely that any variance in government grant allocations resulting from the Fair Funding Review will be implemented across a five year transition period . although this will not be clarified until final decisions are made on the implementation of the review. If the council were to lose funding, it is expected this will be implemented across a five year time frame. Assumed losses of government funding resulting from the Fair Funding Review have been included in the MTFP for the first time.

The Local Government Finance Settlement was announced on 13 December 2018 and confirmed additional one off Winter Pressures funding and Social Care funding for 2019/20 of £2.8 million and £4.8 million respectively. The settlement also confirmed additional 2018/19 one off funding of £1.921 million relating to refunded levy sums from the Business Rate Retention process.

The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant budget which provides support to children with special needs. Additional funding of £1.059 million has been provided in 2018/19 and 2019/20, although these sums are not sufficient to meet the budget pressure the council is currently experiencing.

The settlement confirmed that the government intends to reimburse authorities who would experience Negative Revenue Support Grant (RSG). The total national reimbursement is £153 million. Negative RSG occurs where government funding cuts reach a point where some local authorities, who have relatively high tax bases, no longer receive any RSG. Ordinarily these authorities would have their business rate tariff increased which ensures all authorities experience a similar reduction or increase in Core Spending Power (CSP). The government is however proposing to view negative RSG in isolation to CSP and make an adjustment to ensure negative RSG does not occur. This will result in additional resources for those authorities and increase their CSP.

The impact of the adjustment for Negative RSG upon Core Spending Power for 2019/20 is significant. The average CSP increase across the country in 2019/20 is 2.8%, with Durham having a 3.2% CSP increase. Wokingham has a 6.3% increase, North Yorkshire 4.8% and Surrey 4%. The reimbursement to Surrey in 2019/20 for Negative RSG is £17 million.

The Local Government Finance Settlement only provided definitive information for 2019/20. The settlement position for 2020/21 and beyond will be determined by the 2019 Comprehensive Spending Review (CSR) and the outcome of the Fair Funding Review, which will be implemented from 2020/21. The outcome of these reviews will be very much influenced by the impact of Brexit.

Fair Funding consultation documents were published on 13 December 2018 providing options on how the government would seek to implement the outcome of the review from 2020/21. Further consultations are expected in the coming months on the detail of the specific formula for distributing resources.

A 2019/20 RSG reduction of £14.2 million was confirmed in the provisional local government finance settlement as expected. Based upon this reduction and financial assumptions across the MTFP(9) period, the current savings requirement across the four year period is estimated at £39.5 million, with a savings requirement in 2019/20 of £14.3 million. Savings for 2019/20 have been identified of £10.3 million leaving a shortfall of £4 million which will be met from the Budget Support Reserve (BSR).

In total savings of £16.3 million are proposed across the MTFP(9) period leaving an estimated savings shortfall of £23.2 million across the remainder of the MTFP(9) period to 2022/23. Work will continue in the coming months and years to identify the savings required to balance the budget. Since the beginning of austerity in 2010/11 up to 2022/23 the council will have been required to save £263 million.

The MTFP(9) budget consultation process was primarily targeted at engaging with partner agencies and the public on the approach to savings to date and the proposed approach to achieving the full MTFP(9) savings requirements, including details of the savings proposals that had been proposed. The consultation also sought views on the strategic priorities for the County, to inform the new vision and corporate plan. The responses from the consultation were supportive of the approach the Council is taking whilst recognising the significant challenge faced from reductions in funding and increasing demand for statutory services.

The council's MTFP strategy since 2010/11 has been to protect front line services as far as possible and the 2019/20 proposals are in line with this strategy. This strategy is becoming increasingly difficult to maintain over time with the council's Transformation Programme in place to ensure all options are exhausted to ensure front line services can be protected wherever possible. It is still likely, however, that front line services will become increasingly impacted over the next four years as the year on year effect of the scale of the cuts impacts on the resources the council has available to provide key services. This report summarises how the main proposals are in line with the council's overall strategy and have been shaped by residents' and stakeholders' views with a high level analysis of the equalities impact. Detailed savings proposals are included in the report for the MTFP(9) period were shown at Appendix 3 of the report.

In the setting of council tax levels for 2019/20, consideration has been given to the significant financial pressures facing the Council and how best to meet these pressures. The government has confirmed that the maximum the council can increase Council Tax by is 3% without approval from a majority of council tax payers to increase it beyond this

following public referendum. The council also has the option to increase Council Tax by an additional 2% for an adult social care precept being the last year of the three year option in this regard. The government has assumed local authorities will increase Council Tax and the Adult Social Care precept by these maximum amounts when calculating Core Spending Power.

After considering the impact upon the council's budget and upon council tax payers, this report recommends a 2.99% Council Tax increase in the Council's Band D Council Tax in 2019/20 which is below the 3% referendum limit. In addition, the report recommends a 2% increase to the Adult Social Care precept. The total increase will generate additional Council Tax income of £10.5 million per annum. The total increase would result in a Band D increase of £1.45 a week and an increase of 97 pence a week for the majority of Council Tax payers in County Durham, who live in the lowest value properties (Band A).

Despite this very challenging financial period, the scale and sustained level of government spending cuts and the impact on the council's finances, this report includes some very positive outcomes for the people of County Durham including:

- (a) continued support to protect working age households in receipt of low incomes through the continuation of the existing Council Tax Reduction Scheme where they will continue to be entitled to up to 100% relief against their Council Tax payments;
- (b) ongoing work with health partners to ensure health and social care funds are maximised for the benefit of vulnerable people through the services we provide;
- (c) significant investment in capital expenditure in line with the council's highest priority of regeneration in order to protect existing jobs and create as many new jobs as possible including investing in our town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £74.4 million is recommended in this report.

As outlined in previous MTFP reports, equality impact assessments were summarised to inform the consultation and subsequent decision making. Workforce implications arising from proposals for 2019/20 savings have been analysed and the projections for the number of posts that will have been removed as a consequence of austerity up to the end of 2019/20 have been increased to an estimated 2,955.

Decision

We have recommended that full Council:

(a) 2019/20 Revenue Budget

- (i) approve the identified base budget pressures included in paragraph 69;
- (ii) approve the savings plans detailed in Appendix 3 of the Cabinet report;
- (iii) approve a 2.99% 2019/20 Council Tax increase and a further 2% increase which relates to the Adult Social Care precept, totalling 4.99%; and
- (iv) approve the 2019/20 Net Budget Requirement of £400.031 million.

(b) MTFP(9)

- (i) agree the forecast MTFP(9) financial position;
- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as required to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Finance and to Cabinet;
- (iii) aim to maintain General Reserve in the medium term between 5% and 7.5% of the Net Budget Requirement which in cash terms is up to £30 million.

(c) Capital Budget

- (i) approve the revised 2018/19 Capital Budget of £103.819 million and the 2019/20 Capital Budget of £148 million;
- (ii) approve the Capital Strategy at Appendix 8 of the report;
- (iii) approve the additional capital schemes detailed at Appendix 9 of the report. These schemes will be financed from additional capital grants, from one off revenue funding and from prudential borrowing;

- (iv) note the option for the council to utilise capital receipts to finance severance costs utilising the new flexibilities in this regard. The utilisation of such flexibility will require the approval of Cabinet;
- (v) approve the MTFP(9) Capital Budget of £391.171 million for 2018/19 to 2021/22 as detailed in Table 15 of the report.

(d) Savings Proposals

- (i) note the approach taken by service groupings to achieve the required savings.

(e) Equality Impact Assessment

- (i) consider the equality impacts identified and mitigating actions both in the report at paragraphs 142 to 163 and in Appendix 10 to the report;
- (ii) note the programme of future work to ensure full impact assessments are available where appropriate at the point of decision, once all necessary consultations have been completed;
- (iii) note the ongoing work to assess cumulative impacts over the MTFP(9) period which is regularly reported to Cabinet.

(f) Pay Policy

- (i) approve the Pay Policy Statement at Appendix 11 of the report.

(g) Risk Assessment

- (i) note the risks to be managed over the MTFP(9) period.

(h) Dedicated Schools Grant

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

(i) Discretionary Rate Relief

- (i) note the changes to the council's Discretionary Rate Relief Policy, as set out in the report, and agree the

revised policy as attached at Appendix 12 of the report.

(j) Prudential Code, Treasury Management and Property Investment

- (i) agree the Prudential Indications and Limits for 2019/20 – 2022/23 contained within Appendix 13 of the report, including the Authorised Limit Prudential Indicator;
- (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 13 of the report which sets out the council's policy on MRP;
- (iii) agree the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 13 of the report;
- (iv) agree the Cash Investment Strategy 2019/20 contained in the Treasury Management Strategy (Appendix 13 - including the detailed criteria).
- (v) Approve the Property Investment Strategy at Appendix 14 of the report.

11. School Admission Arrangements Academic Year 2020/21

[Key Decision CYPS/01/18]

Cabinet Portfolio Holder – Councillor Olwyn Gunn

Contact - Graeme Plews 03000 265 777

We have considered a report of the Corporate Director of Children and Young People's Services which sought approval for the proposed admission arrangements and oversubscription criteria from community and voluntary controlled schools for the 2020/21 academic year.

There is a proposed additional criterion to the current oversubscription criteria for admission to community and voluntary controlled schools. The Government wishes admission authorities to introduce oversubscription criteria to give children who were previously in state care outside of England, and have ceased to be in state care as a result of being adopted, second highest priority for admission into school. This is because the Government believes such children are vulnerable and may have experienced abuse and neglect prior to being adopted.

Consultation has been carried out with schools, other admission authorities, governing bodies and parents on the council's admission arrangements in accordance with the national school admissions code

as it is seven years since they were last consulted on. The proposed admission oversubscription criteria in respect of community and voluntary controlled schools was outlined in the report.

Decision

We have agreed, in relation to community and voluntary controlled schools, the proposed oversubscription criteria outlined in the report, the proposed admission numbers as recommended in Appendix 2 of the report and the admission arrangements detailed in Appendix 3 of the report.

12. Children and Young People's Strategy

**Cabinet Portfolio Holder – Councillor Olwyn Gunn
Contact - Jenny Haworth 03000 268 071**

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Director of Transformation and Partnerships which presented the Children and Young People's Strategy 2019-2022.

The Children and Young People's Strategy (CYPS) 2019-2022 is a partnership strategy for all children and young people and their families in County Durham. The aim of the strategy is to provide focus and clarity on the priorities for improving services and life opportunities for children and young people.

The document considers what life is currently like for children and young people in County Durham, based on feedback from children and young people and analysis of their needs. It sets out where we want to be in three years and what actions will be undertaken to achieve this. For the public, it provides a summary of the importance of services and support for children and young people, who are the future of our county, and what they can expect from local services. We received the draft Children and Young People's Strategy 2019-2022 (CYPS) as part of the consultation on 17 October 2018.

Decision

We have agreed the final Children and Young People's Strategy 2019-2022 to ensure delivery and support for our young people.

13. Phasing Out of Unnecessary Single-Use Plastics

**Cabinet Portfolio Holder – Councillor Brian Stephens
Contact – Oliver Sherratt 03000 269 259**

We have considered a joint report of the Corporate Director of Regeneration and Local Services and Director of Transformation and

Partnerships which reviewed what the Council together with partners, has been doing to significantly reduce single-use plastics (SUPs) across a wide variety of services and functions. The report requested that we consider adoption of a County Durham pledge to further reduce unnecessary single-use plastics, supported by an action plan to guide this work. The report proposed to invite a wide variety of partner organisations from the public, private and community sector to also make similar commitment through adopting this pledge, thereby helping to magnify the positive impact this could make.

On 24 January 2018 the County Council made a resolution for a report to go to the Corporate Overview and Scrutiny Management Board (COSMB) to consider options for significant reductions in unnecessary single use plastics. This resolution included consideration to the signing of a “plastic free” pledge, and development of partnership work to tackle the issue.

At the recommendation of the Corporate Overview and Scrutiny Management Board, a Task Group from the Environment Partnership (part of the County Durham Partnership) was established to investigate the issue of single use plastics (SUPs) and to produce a report on its findings to be considered by the Environment and Sustainable Communities Overview and Scrutiny Committee (ESC OSC).

The report detailed a number of “early wins” the Council and partners have already achieved such as eliminating plastic straws and stirrers and use of compostable cutlery. It also highlights the good work a range of partners have been doing in their own organisations in promoting reuse, such as the national free tap water refill scheme. Some of this work is innovative on a national level, such as the country’s largest trial use of unrecyclable plastic products in road surfacing schemes.

The task group formulated a pledge which was set out for our consideration, together with an action plan supporting it. This report has been considered and modified through the scrutiny process in particular through a special meeting of ESC OSC that provided a formal Overview and Scrutiny response to revise the SUPs action plan.

The Overview and Scrutiny response acknowledged the significant work undertaken by the Council and partners in a short period of time and commended their implementation of ‘quick wins’. It agreed those actions and timescales identified within the report and supported the introduction of a bespoke County Durham local pledge. It recommended that the Council and partners develop a communications plan to ensure that residents are informed of both why and when alternatives to SUPs are being used and it provides residents with an opportunity to identify how SUPs usage can be reduced. Finally, the response recommended that the Council and partners continue to offer pricing incentive

schemes for the use of alternatives to SUPs and that the Council and partners reconsider handing out SUPs ‘free gifts’ at future promotional events.

At its meeting on 17 December 2018, COSMB noted and endorsed the response of ESC OSC to the report. In addition, it was recommended that consideration be given to the development of a process to collect empty crisp packets for recycling. This has been incorporated into the final action plan.

Decision

We have agreed:

- (a) to consider and note the content of the report of the County Durham Environment Partnership ‘Phasing Out Unnecessary Single Use Plastics’ and the resulting SUPs action plan on the work the Council and partners have been undertaking to reduce single use plastic, which fulfils the County Council resolution made on 24 January 2018;
- (b) note the Overview and Scrutiny response to the County Durham Environment Partnership task group report identifying additional actions for inclusion in the SUPs action plan;
- (c) that Overview and Scrutiny continues to monitor progress made by DCC and partners against the actions identified in the SUPs action plan;
- (d) to the principle of signing a local pledge for further reductions in single use plastic, supported by an action plan to deliver this; and
- (e) to promote adoption of the pledge across the County Durham Partnership with a wide variety of organisations and groups being invited to make similar commitments, coordinated through the development of a single-use plastics network.

14. Vélo of the North

**Cabinet Portfolio Holder – Councillor Ossie Johnson
Contact – Stephen Howell 03000 264 550**

We have considered a report of the Corporate Director of Regeneration and Local Services which provided details of an approach from CSM Sport and Entertainment to develop a mass participation cycling event in County Durham in late Summer 2019. The report sought approval to work with CSM and partner organisations to jointly deliver the event, subject to all partner organisations reaching agreement on the safe and

effective delivery of the event. The event which will be branded Vélo of the North, a mass participation closed road cycle ride. CSM aspire to attract up to 15,000 participants and bring in over 40,000 visitors to the county over the weekend of the event.

The event will allow for varied abilities by offering routes of 100 miles and 50 miles with the same start and finish points. There will also be a community family event which will be used to encourage residents to become more active through cycling.

Whilst an agreement will need to be reached with regards to the detail of the route, and this detail will impact upon the Durham County Council financial contribution towards the event. A committed budget of £250,000 will be required before further work is undertaken.

Furthermore, if the event is to have any chance of achieving the levels of participation it aspires to it will require a launch before the end of February 2019.

Decision

We have agreed that the Corporate Director of Resources allocates a budget of £250,000 from general contingencies to deliver Vélo of the North and that any required staffing resource is allocated to assist in the development and delivery of the event.

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

12 February 2019