

18 September 2019

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 10 July 2019 to enable Members to ask related questions.

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1. Medium Term Financial Plan(10), 2020-21 – 2023/24 and Review of the Local Council Tax Reduction Scheme for 2020/21

[Key Decision: CORP/R/19/01]

Leader and Deputy Leader of the Council – Councillors Simon Henig, and Alan Napier

Contact – Jeff Garfoot 03000 261946

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 2020/21 budget and the Medium Term Financial Plan (MTFP(10)). The report also considered a review of the Local Council Tax Reduction Scheme for 2020/21.

The government was expected to publish a Comprehensive Spending Review (CSR) in summer 2019 covering a three year period. It is now expected however that the CSR will be delayed until 2020 with another one year settlement for local government in 2020/21.

It was also expected that the outcome of the Fair Funding Review (FFR) including the move to 75% Business Rate Retention would be published during 2019. In line with the delay in the CSR it is now expected that the outcome of the FFR will not be published until 2020. The lack of clarity in relation to the CSR and FFR, are exacerbated by uncertainties in relation to future council tax referendum levels, the Improved Better Care Fund, delays in the publication of the Social Care Green Paper, short term funding provided to local authorities in 2019/20 for adult and children social care pressures and funding for the High Needs Dedicated Schools Grant. This level of uncertainty is making financial planning extremely difficult and requires the council to be flexible and adaptable in its financial planning. The strong financial position of the council will ensure that the council is well placed to react effectively to any outcome.

Planning at this stage is on the basis that the council will lose a further £10 million of government funding over a five year transition period as a result of the FFR implementation in 2021/22. This position primarily reflects ongoing concerns regarding the expected utilisation of the

Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant which would result in a loss of £18 million of funding. It has been assumed, that the £4.8 million of one off funding received in 2019/20 for Adult and Children's social care pressures will continue on a recurrent basis.

In line with previous practice the MTFP Model has been reviewed. Savings of £34.2 million are forecast to be required to balance the budget over the 2020/21 to 2023/24 period. Savings are forecast to be required in all years of MTFP(10) as budget pressures and the impact of funding reductions outstrip the council's ability to generate additional income from business rates and council tax.

The achievement of an additional £34.2 million of savings over the next four years will be extremely challenging – more so given the level of savings already made. The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies is becoming exhausted following the delivery of £234 million of savings up to 31 March 2020.

The total savings required at this stage for 2020/21 to balance the budget amount to £12.9 million. A sum of £3.7 million of savings were already agreed in MTFP(9) for 2020/21 and it is assumed that £2.8 million of the Budget Support Reserve(BSR) will be utilised to provide short term support to the High Needs Dedicated Schools Grant (HNDSG) budget. This leaves a savings shortfall at this stage of £6.4 million to balance the budget next year. At the present time, additional savings plans are being developed to enable the council to be able to react to the outcome of the 2020/21 local government finance settlement which is expected to be announced in December 2019. If required, the council is able to utilise the Budget Support Reserve (BSR) to balance the budget in 2020/21 as required. The current balance on the BSR, as reported to Council on 21 February 2019 is £24.2 million.

The council is now the only local authority in the North East to have retained entitlement levels for Council Tax Support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14. The policy has protected vulnerable residents at a time when welfare reform changes have had a significant adverse impact. This report recommended that the current LCTRS is retained for a further year into 2020/21.

Decision

We have:

- (a) noted the requirement to identify additional savings of £34.2 million for the period 2020/21 to 2023/24;
- (b) noted the £6.370 million of savings for the period 2020/21 to 2023/24 were previously agreed in MTFP(9);
- (c) noted this leaves a forecast £27.8 million savings shortfall across MTFP(10) although this forecast could change significantly based upon outcomes of the Comprehensive Spending Review, the Fair Funding Review and after addressing future base budget pressures being faced by the Council
- (d) noted that at this stage a forecast £6.4 million of savings are required to balance the 2020/21 budget;
- (e) agreed the high level MTFP(10) timetable;
- (f) agreed the approach outlined for consultation;
- (g) agreed the proposals to build equalities considerations into decision making;
- (h) agreed that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2020/21.

2. County Durham Housing Strategy & County Durham Homelessness Strategy [Key Decision: REAL/02/18] Cabinet Portfolio Holder – Councillor Kevin Shaw Contact – Mike Allum 03000 261906

We have considered a report of the Corporate Director of Regeneration and Local Services which advised Cabinet on the comments received as part of the consultation on the Housing Strategy and Homelessness Strategy.

The County Durham Housing Strategy has been developed to consider housing issues across County Durham. Following public consultation between 25 January and 8 March 2019, the Housing Strategy was been updated to respond to the comments raised and to reflect ongoing project delivery.

The Strategy provides 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 partners' delivery priorities and approach to addressing housing issues. Key messages within the Housing Strategy include:

- (a) raising standards across the private rented sector through seeking greater licencing 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;
- (b) delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible;
- (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:

- (a) To prevent homelessness through early intervention
- (b) To increase access to and the supply of accommodation for those who are homeless or threatened with homelessness
- (c) To provide a range of support services to reduce the risk of households becoming homeless

Decision

We have:

- (a) Considered the comments made in response to consultations on the Housing Strategy and the Homelessness Strategy;
- (b) Adopted the Housing Strategy;
- (c) Agreed that any modifications to the Housing Strategy, required to ensure the Strategy reflects the adopted County Durham Plan, can be agreed under delegated powers by the Corporate Director of Regeneration and Local Services, in consultation with the Portfolio Holder for Strategic Housing and Assets;
- (d) Agreed that the Housing Strategy can be supplemented with additional 'outcomes' to ensure the Strategy remains up to date, with any proposed content subject to targeted consultation in accordance with paragraph 28 of the report, and, agreed under delegated powers by the Corporate Director of Regeneration and Local Services in consultation with the Portfolio Holder for Strategic Housing and Assets.
- (e) Agreed that following the annual review of the Housing Strategy Action Plan, updates to reflect the outcome of this review can be approved under delegated powers by the Corporate Director of Regeneration and Local Services, in consultation with the Portfolio Holder for Strategic Housing and Assets; and
- (f) Adopted the Homelessness Strategy.

3. Local Lettings Agency Cabinet Portfolio Holder – Councillor Kevin Shaw Contact – Lynn Hall 03000 265728

We have considered a report of the Corporate Director of Regeneration and Local Services which sought approval in principle to establish a Local Lettings Agency (LLA) within County Durham.

A Local Lettings Agency (LLA) is a general term applied to schemes that secure access to decent, affordable private rental accommodation for households in need and on low incomes who would previously have been unlikely to access housing.

Durham County Council has been successful in obtaining £252 538 funding from the Ministry of Housing and Local Communities (MHCLG) under the Rapid Rehousing Pathway (RRP) programme first launched in August 2018.

This funding is to support the setup or extension of local lettings agencies, to help make the most efficient use of rental accommodation and foster the development of strong relationships between landlords and tenants. Where possible a property portfolio will be developed, focused on meeting the needs of rough sleepers and former rough sleepers and provide help for individuals who are not owed a housing duty by the council and need additional support to access the private rented sector or other suitable housing.

The Council's housing strategy includes clear priorities for County Durham. This includes the following key messages:

- (a) Improving the quality of the county's housing stock and wider housing environment;
- (b) raising standards across the private rented sector;
- (c) working with property owners and landlords with the aim of bringing empty properties back into use wherever possible;
- (d) increasing the supply of accommodation for those who are homeless or threatened with homelessness and working in partnership with other stakeholders to provide support to those with complex needs.

Furthermore, the council's homelessness strategy contains three specific aims to tackle homelessness in County Durham over the coming years:

- (a) To prevent homelessness through early intervention
- (b) To increase access to and the supply of accommodation for those who are homeless or threatened with homelessness
- (c) To provide a range of support services to reduce the risk of households becoming homeless

The Government is encouraging Local Authorities to open LLAs in their areas to provide alternate housing options; making funds available to establish LLAs.

The establishment of a LLA in Durham will therefore serve as a useful tool in helping to deliver the clear priorities outlined in the council's housing strategy and homelessness strategy. Importantly, the scheme should help improve access to housing for groups currently disadvantaged or unable to access social or private housing.

Decision

We have:

- (a) agreed in principle to the establishment of a Local Letting Agency and to receive a further report in Autumn 2019 with firm proposals on the specific delivery model to be used which might include delivery through a company structure;
- (b) agreed to delegate authority to Corporate Director for Regeneration and Local Services to lease properties from landlords on an individual basis for use in discharging the Councils duties under the Homelessness Reduction Act.

4. 2018/19 Final Outturn for the General Fund and Collection Fund 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 Cabinet with information on the:

- (a) final revenue and capital outturn for the General Fund for 2018/19;
- (b) final outturn for the Council's Council Tax and Business Rates Collection Fund for 2018/19;
- (c) use of and contributions to earmarked, cash limit and general reserves in year and the closing position with regards to balances held at 31 March 2019.

The final revenue outturn position for 2018/19 is a net cash limit underspend of £3.353 million plus an overachievement of core government grant and underspend on all other budgets of £7.863 million. This total net underspend of £11.216 million represents 2.8% of the revised net expenditure budget of £395.367 million. Analysis within identifies that the majority of underspends were either one off items or sums included as a saving for 2019/20 in MTFP(9).

Total general, earmarked and cash limit reserves (excluding school reserves) increased by £8.391 million in 2018/19, from £225.784 million at 31 March 2018 to £234.175 million at 31 March 2019.

The final capital outturn position for 2018/19 is an underspend of £12.561 million, which is 12.1% of the revised capital budget of £103.819 million.

The final outturn for the Council Tax Collection Fund is a surplus of £1.592 million, which is broadly in line with the surplus declared in November 2018 of £1.716 million. Durham County Council's share of the actual surplus generated in 2018/19 is £1.342 million, which is broadly in line with the declared share of £1.447 million included in the 2019/20 budget.

The actual outturn for the Business Rates Collection Fund is a net surplus of £2.762 million. Durham County Council's share (49%) of this surplus is £1.353 million which higher than the £0.721 million declared and used as support to the 2019/20 budget.

Decision

We have noted:

- (a) the final revenue outturn underspend of £11.216 million which has been realised in the main due to one off items and early achievement of sums included as savings for 2019/20 in MTFP(9).
- (b) the decrease in the Cash Limit Reserves of £5.372 million during 2018/19 with closing Cash Limit Reserves of £12.915 million. These sums will continue to be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively;
- (c) the closing General Reserve balance of £25.106 million;
- (d) the closing balance on General Fund Earmarked Reserves (excluding Cash Limit Reserves) is £196.154 million;
- (e) the closing balance on Schools Reserves is £17.341 million;
- (f) the outturn position for the Collection Funds in respect of Council Tax and Business Rates.

We have approved:

- (a) a capital budget of £46.908 million be carried forward into 2019/20 and that service groupings regularly review capital profiles throughout 2019/20 reporting revisions to Cabinet as necessary.

**5. County Durham Youth Justice Plan 2019-2021
Cabinet Portfolio Holder – Councillor Olwyn Gunn
Contact – Martyn Stenton 03000 268067**

We have considered a report of the Corporate Director of Children and Young People's Services which presented the Youth Justice Plan 2019-21 and highlighted achievements in reducing reoffending during 2018/19.

Decision

We have received the Youth Justice Plan for 2019/21.

**6. Review of the Council Tax Long Term Empty Premium Charges
Deputy Leader of the Council – Councillor Alan Napier
Contact – Andrew Hall 03000 263450**

We have considered a report of the Corporate Director of Resources on the opportunities risk and issues associated with reviewing the Council's policy in terms of Empty Homes Discounts and the policy of applying a 50% premium on properties which have been unoccupied and unfurnished for more than 2 years, where council's now have the power to:

- (a) apply a maximum 100% premium on such properties (from April 2019); along with
- (b) the power to apply a maximum 200% premium on properties which have been unoccupied and unfurnished for more than 5 years (from April 2020).

The report also sought permission to consult on changing the council's policy of charging a 50% premium on long term empty homes from April 2020.

Since April 2013, councils have been able to apply a maximum 50% Council Tax Premium on properties that have been unoccupied and unfurnished for more than 2 years.

In line with the majority of councils, Durham introduced the Premium charge from April 2013. This resulted in an initial sharp reduction in the number of long term empty properties (approximately 33% in the first 6 months), after which the numbers have been fairly static, along with an increase in revenue to the council from those properties that were not brought back into use.

Following a change in legislation, which came into effect from April 2019, councils now have the power to charge a 100% Council Tax Premium for properties which have been unoccupied and unfurnished for more than 2 years and will be able to charge a 200% Premium on those properties which have been unoccupied and unfurnished for 5 years or more from April 2020.

To implement these powers the council would need to change its adopted policy on Long Term Empty Property Charges, the advantages of implementing these changes would be as follows:

- (a) There will be a further incentive for the owners of long term empty properties to bring them back into use, potentially boosting the supply of properties available to rent in the County and making a positive impact on our Housing and Homeless strategies. The majority of long term empty properties are in the lowest Council Tax band (A), often in the more deprived areas of the County and could therefore be a useful source of affordable housing.
- (b) In addition, where properties are not brought back into use there is a potential further increase in revenues to the council (£1.83 million if there was no reduction in the number of long term empty properties), providing the opportunity for MTFP savings.

The council could also consider applying the empty homes premium charge to long term empty properties which require or are undergoing major repair work to make habitable which the council currently charges at 100%, with no long term empty property premium levied. Charging 200% Council Tax on these properties (i.e. applying a 100% premium) could generate a further £26,000 in revenue.

Decision

We have:

- (a) noted the change in legislation and the powers to increase the Council Tax empty homes premium charge;
- (b) agreed to consult over a 12 week period (July 2019 and October 2019) on the implementation of these powers by amending its Long Term Empty Property Charges Policy to increase the empty homes premium charge from April 2020 as follows:
 - (i) charge a 100% empty homes premium on properties that have been unoccupied and unfurnished for between two and five years at 1 April 2020;

- (ii) charge a 200% empty homes premium on properties that have been unoccupied and unfurnished for five years or more at 1 April 2020; and
 - (iii) charge the empty homes premium on properties that have been unoccupied and unfurnished for two years or more that require or are undergoing major repairs.
- (c) noted that a further report will be presented to Cabinet in the autumn outlining the results of the consultation and making recommendations on any policy changes for 2020/21.

**7. Transport Asset Management Plan
Cabinet Portfolio Holder – Councillor Brian Stephens
Contact – John Reed 03000 267454**

We have considered a report of the Corporate Director of Regeneration and Local Services which provided an annual update on the Transport Asset Management Plan (TAMP).

The adopted highway is the Council's largest and highest value asset. The TAMP set out the long term plan for managing the highway asset so that the condition is maximised for the available budget. The report highlighted the substantial investment by the Council which has contributed to the reduction in the maintenance backlog over the past year.

Decision

We have approved the annual update report.

**8. Redhills: Request for Funding
Cabinet Portfolio Holder – Councillor Joy Allen
Contact – Helen Ross 03000 265485**

We have received a report that set-out a request for financial support as match funding towards Redhills large-scale funding bid to the National Lottery Heritage Fund (NLHF). The aim is to restore and augment the existing provision at Redhills, incorporating a £5m capital build and £1.67m revenue programme to restore and develop the heritage assets of the building, provide new spaces and services to support additional delivery, conference and hire spaces and to create a revenue stream to support the long-term sustainability. The report further considers the options and implications open to the Council in considering this request.

The Durham Miners Association (DMA) has submitted an application for support to the NLHF to fund proposed developments at Redhills (please see Appendix 2, NLHF application for full details). The funding request to the NLHF is £4 million towards an overall £6.7 million project. This work will see the fine historic building restored and updated and with the addition of a new build extension, provide up to date facilities for visitors, community, performance and meetings. Redhills will be a hub of activity where people meet, practice and perform, with these new facilities supporting new strands of income generation.

Requests for support from Heritage Lottery require the provision of match funding. The project has committed to raising £1.6 million of the necessary match funding, with £1,103,615 being requested from the Council.

The project has confirmed match funding of £1m through existing assets, the remaining £600,000 is currently being raised with £50,000 already secured.

A contingency sum has been included in project budgets as per NLHF regulations to cover impact of any unexpected requirements. Costs within the budget have taken into account expected inflation.

In considering the request it should be noted that if this development does not go ahead it is anticipated the use of the building may need revision, limiting access and possibly seeing collections dispersed. Recent appraisal of the building has indicated the roof will need full repair within 5-10 years and if not actioned will render the building unusable. The proposed project will also address these issues ensuring the future of one of Durham's most prestigious buildings.

Redhills needs to establish new sources of income to provide sustainability for the association moving forward and maintain the heritage assets. Without a successful bid to the HLF and the ensuing work, the association will struggle to identify other sources of revenue generation.

The Council has no obligation to support this request, however, the building and collections form part of the County's most valuable heritage assets. Should this work not be supported and the collections housed at Redhills were to become dispersed and the venue to close this would undoubtedly be seen as a significant loss to the County's wider cultural assets and offer by many residents.

Such a decision to support the project is clearly premised on a value for money judgement as well as confidence the Council has that the association can effectively deliver the project.

Redhills has been selected by Historic England as one of 100 places across the UK that bring to life the country's "rich and extraordinary history". The elected representatives located at Redhills came from over 200 collieries across County Durham and influenced the delivery of welfare services and facilities for the people of County Durham, including medical provision, community centres, retirement homes and sports fields.

In view of the historical importance to the building to the County, Cabinet is recommended to support the request for funding subject to conditions, for reasons which are explained further in the main body of the report.

Decision

We have:

- (a) Recommended that a contribution of £1,103,615 is supported to be financed from capital contingencies (subject to confirmation of other funding being awarded).
- (b) That the support be subject to:
 - (i) Production of quarterly and detailed annual reports to be reviewed prior to the release of further scheduled grant payments. (Method and format of reporting to be align to other major funders reporting requirements.)
 - (ii) An annual update report to Cabinet in order to ensure progress and position is transparent.
 - (iii) Grant payment to be scheduled in agreement with other project funders and Redhills to ensure funding is profiled to meet cash-flow requirements, and to best protect the Council's investment.
 - (iv) Partnership working on the development of the Durham History Centre including attendance at relevant meetings to ensure complementarity of provision.

9. Street Lighting Energy Reduction Project Cabinet Portfolio Holder – Councillor Brian Stephens Contact – John Reed 03000 267454

We have received an end project report on the Street Lighting Energy Reduction Project.

The end project report summarises the performance of this 6 year “invest to save” project which started in June 2013 and was completed in March 2019. The project scope has changed to include more LED retrofits and less removals whilst exceeding the savings planned in the original business case. The project has achieved a 69.57% reduction in annual energy consumption which is saving 8,413 tonnes in carbon emissions. The project has been the biggest single contributor to date to the Council’s reduction in carbon emissions. The project has invested in the Council’s highway infrastructure whilst contributing significant savings to the Council’s Medium Term Financial Plan.

Decision

We have:

- (a) noted the content of the report; and
- (b) approved the development of a business case for further street lighting energy reductions.

10. Chester le Street Masterplan Cabinet Portfolio Holder – Councillor Carl Marshall Contact – Mike Allum 03000 261906

We have considered a report of the Corporate Director of Regeneration and Local Services which advised Cabinet on the comments received as part of the consultation on the Chester-le-Street Masterplan and requested the adoption of Chester-le-Street Masterplan. The Chester-le-Street Masterplan covers the period up to 2025 and provides a clear vision for the town centre. The Masterplan brings together activities undertaken from across council services and the private sector in order to provide a coordinated approach to delivery and reflects the importance of partnership delivery.

The Masterplan was subject to consultation from 26 June 2018 to 3 August 2018 with this consultation informing the Masterplan. Since the consultation, the Masterplan has also been updated to reflect ongoing project delivery, updated evidence and the outcome of a Health Impact Assessment.

In recognition of the size of the town, the Masterplan identifies a number of zones, which are the focus of actions. This approach provides a means to identify priority areas for investment and related opportunities, key projects and linkages to other parts of the town. The Masterplan contains an action plan for each of the identified zones.

Decision

We have adopted the Chester-le-Street Masterplan.

11. High Needs Block Funding for SEND and Inclusion Support **Cabinet Portfolio Holders – Councillors Alan Napier and Olwyn Gunn** **Contact – Martyn Stenton 03000 268067**

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which provided an overview of spend and pressures on the High Needs Block (HNB) of the Designated Schools Grant (DSG), which provides funding for Special Educational Needs and Disability (SEND) and Inclusion Support services for children, young people and young adults. The report outlined initial areas of focus in work being done to seek to make the HNB more sustainable and refers to a number of proposals which require further consultation.

A combination of austerity across the public sector, implementation of the SEND reforms (which has increased support to cover young people and young adults up to 25 years old) and changing needs means that there are insufficient resources including from HNB funding. This is also the case in many other local authorities.

The council is currently spending 15% more than the funding available which is not sustainable. Addressing this spending pressure is complex and involves collaboration across a number of services and schools and with a number of partners. This means trying to address areas of pressure from the HNB without significantly impacting support for individual children and young people and minimising impact on schools and other budgets. The work on reviewing services must also be done involving consultation with children, young people and their families.

A SEND and Inclusion Resources Board has been established. It brings together colleagues from the council's Education Services, SEND and Inclusion, Commissioning and Finance and gives cross council oversight on resources for SEND and Inclusion, including HNB spending and related council budgets. Work underway currently involves reviewing all areas of spending, making reductions in HNB spending where feasible whilst also recognising the specific needs of individual children and young people, the overall volume of young people with SEND needs and the volatile and changing pattern of demand on different service areas.

Key initial areas of focus are covered in the report and include reviewing:

- (a) all areas of spend from centrally managed services;
- (b) funding and places in Special Schools;
- (c) how the transport budget for pupils attending the Pupil Referral Unit is funded;
- (d) the commissioning of service areas which support children and young people with SEND, including integrated therapies and equipment, auxiliary aids and adaptations;
- (e) the model for top up and targeted funding;
- (f) financial support provided through local partnerships of schools;
- (g) pupil referral unit and alternative provision.

Section 19 of the Children and Families Act 2014 makes clear that local authorities must ensure that children, young people, parents and carers are involved in decisions about local provision. A number of strands of activity related to these areas are thus proposed to be covered in a consultation period over three months from 17th July to 17th October 2019.

Based on further work, the findings from consultation and equality impact assessments, it is then planned to bring a further report to cabinet in the autumn regarding the updated financial forecast position, summary of consultation findings, recommendations regarding the areas of focus in this report and the associated strategy regarding funding for 2020/21.

Decision

We have:

- (a) noted the HNB outturn for 2018/19, the current forecast position for 2019/20 and the initial areas identified for targeted funding reductions;
- (b) agreed to a programme of consultation taking place between 17th July and 17th October 2019 with a range of stakeholders in line with statutory requirements regarding the various strands of work outlined in the report;
- (c) approved the proposal for Home to School Transport costs which are currently charged to the HNB to be charged to the

CYPS Home to School Transport budget in 2019/20 and met from corporate contingencies in year; *and*

- (d) received a further report in the autumn regarding the updated financial forecast position, summary of consultation findings, recommendations regarding the areas of focus in this report and the associated strategy regarding funding for 2020/21.

12. Maintained Schools Budget Plans and Permission to Set Deficit Budgets 2019/20
Cabinet Portfolio Holders – Councillors Alan Napier and Olwyn Gunn
Contact – Paul Darby 03000 261930

We have considered a report of the Corporate Director of Children and Young People's Services and Corporate Director of Resources which provided an overview of maintained schools' initial budget plans for 2019/20, as agreed by the relevant Governing Bodies. The report highlighted where the Corporate Director of Resources will exercise judgement in terms of approving the setting of deficit budgets, in accordance with the council's constitution and the scheme for Financing for Schools.

Schools carry forward under and overspends against their budgets. This is a concern for the council, because deficit balances could become a cost to the council if a school closes or becomes a sponsored academy.

At the end of 2018/19 the net balances carried forward by maintained schools showed a net increase of £1.324 million in year (from £16.420 million to £17.744 million). The Quarter 3 forecast of outturn, excluding schools that have now converted, indicated that school balances would reduce by £5.075 million (from £16.420 million to £11.345 million). The outturn position was therefore £6.399 million higher than previously forecast, with most schools ending the year with a higher balance than the Q3 forecast.

The initial budget plans agreed by schools again sees a significant forecast use of schools reserves to balance individual budgets. Schools are currently planning to utilise £10.231 million of their retained balances at 31 March 2019 in 2019/20, reducing the forecast schools balances at 31 March 2020 to £7.484 million from £17.715 million, (this is different to the balance at the end of 2018/19 because it excludes a school that has now converted to an academy). Experience suggests that schools will use much less of their balances in-year and that the final balance figure will be much higher than this.

Fifteen schools have set initial budget plans that would result in a deficit balance being carried forward at the end of the current financial year. Of these, 12 had a deficit at 31 March 2019, with three of these being schools with long standing financial issues.

Seven of the schools that have set an initial budget plan with a deficit carried forward at the end of this financial year were schools that set an initial deficit budget plan in 2018/19, but who were required to amend their budget plans last year.

The Corporate Director for Resources has considered the initial budget plans submitted by all schools where the school submitted a deficit budget plan.

Five schools who submitted deficit budget plans were not given permission to set a deficit budget and instead were instructed to revise their budget plans such that they will be able to balance their budgets by the end of the summer term for the reasons set out in the report. Three other schools are expected to be able to balance their budgets by the end of the financial year.

For the remaining seven schools who submitted deficit budget plans:

- the Corporate Director for Resources has agreed under delegated powers for three of these school to set a deficit budget (these are known as licensed deficits) in 2019/20 for the reasons set out in the report;
- one school has been required to submit a revised plan to reduce its accumulated deficit balance;
- three schools were requested to submit further information to allow a final decision to be made about whether to approve licensed deficits.

Decision

We have:

- (a) noted the contents of the report;
- (b) noted the position in respect of the five schools who submitted deficit budget plans and the action taken where these schools were not be given permission to set a deficit budget and instead were instructed to revise their budget plans such that they will be able to balance their budgets by the end of the summer term for the reasons set out in the report;

- (c) noted the position in respect of the three schools who submitted deficit budget plans but who are expected to be able to balance their budgets by the end of the financial year;
- (d) noted the action taken under delegated powers by the Corporate Director for Resources to give permission to four schools to set a deficit budget (these are known as licensed deficits) in 2019/20 for the reasons set out in the report;
- (e) noted that one school has been required to submit a revised plan to reduce its accumulated deficit balance;
- (f) noted that three schools have been asked to submit further information before a final decision is made about whether to approve licensed deficits.

13. Durham County Council Engagement with Children and Young People – As Citizens and Service Users Annual Update
Cabinet Portfolio Holder – Councillor Olwyn Gunn
Contact – Clare Marshall 03000 263591

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 demonstrated the wide range of participation and engagement mechanisms used to understand the voice of the child and how this has influenced service provision and project development. It outlined the key messages from young people and how the council has acted on them.

The Children and Young People's Strategy 2019-2022 provides a co-ordinated partnership approach for all children and young people from pre-birth up to the age of 25 (for those young people with special educational needs and disabilities) and their families in County Durham. The aim of this strategy is to provide focus and clarity on the priorities for improving services and life opportunities for children and young people. It considers what life is currently like for children and young people in County Durham, based on direct feedback from them 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.

As outlined in the strategy, involving children and young people in decision making is key to ensuring the best possible services are provided with the resources available to improve outcomes. To facilitate this, a wide range of engagement takes place across Durham County Council and in partnership, providing a range of opportunities for children and young people to share their thoughts and feelings.

Decision

We have:

- (a) noted the contents of the report;
- (b) agreed that a report is presented to Cabinet annually outlining the engagement and feedback from children and young people and how this has been acted upon;
- (c) agreed to explore the future options to enhance the current offer as detailed in paragraph 75 and receive a further report by November 2019;
- (d) agreed to the development of an Engagement Strategy for Children and Young People.

Councillor S Henig
Leader of the County Council

10 September 2019